

UNIVERSAL  
LIBRARY

OU\_152897

UNIVERSAL  
LIBRARY



OSMANIA UNIVERSITY LIBRARY

Call No. 337.3/B87C Accession No. 4152

Author Brown, J.C.

Title Cure for poverty 1914

This book should be returned on or before the date  
last marked below.



# GOOD BOOKS FROM STANLEY PAUL'S LIST

## NAPOLEON IN EXILE AT ELBA, 1814-1815

By NORWOOD YOUNG. With a chapter on the Iconography of Napoleon at Elba, by A. M. BROADLEY. Demy 8vo, cloth gilt, with Coloured Frontispiece and fifty Illustrations from the collection of A. M. Broadley, 21s. net.

## IMPERIAL AMERICA

By J. M. KENNEDY. Demy 8vo, cloth gilt, fully Illustrated, 12s. 6d. net.

## THE MARTYR OF LOVE: The Life of Louise de la Vallière

By CLAUDE FERVAL. Translated by SIDNEY DARK. Demy 8vo, cloth gilt, Illustrated, 16s. net.

## THE ROMANCE OF LEONARDO DA VINCI

By A. J. ANDERSON. Demy 8vo, cloth gilt, with 17 Illustrations, 10s. 6d. net.

## MEN AND WOMEN OF THE ITALIAN REFORMATION

By CHRISTOPHER HARE. Demy 8vo, cloth gilt, fully Illustrated, 12s. 6d. net.

## FROM JUNGLE TO ZOO

By ELLEN VELVIN, F.Z.S. Crown 8vo, cloth gilt, with many remarkable Photographs, 6s. net.

## A WOMAN'S WINTER IN AFRICA

By CHARLOTTE CAMERON. Demy 8vo, cloth gilt, Illustrated with reproductions of about 150 Photographs taken by the author and printed throughout on art paper, 10s. 6d. net.

## A HISTORY OF PENAL METHODS

By GEORGE IVES, M.A. Demy 8vo, cloth gilt, 10s. 6d. net.

## REMARKABLE WOMEN OF FRANCE (1431-1749)

By Lieut.-Col. ANDREW C. P. HAGGARD, D.S.O. Demy 8vo, cloth gilt, Illustrated, 16s. net.

## A WINTER IN INDIA

By ARCHIBALD B. SPENS. Large crown 8vo, cloth gilt, with 100 Illustrations, 6s. net.

LONDON : STANLEY PAUL & CO.

31 Essex Street, Strand, W.C.

# GOOD BOOKS FROM STANLEY PAUL'S LIST

## TORQUEMADA AND THE SPANISH INQUISITION

By RAFAEL SABATINI. Demy 8vo, cloth gilt, Illustrated, 16s. net.

## GAIETY AND GEORGE GROSSMITH

Random Reflections on the Serious Business of Enjoyment. By STANLEY NAYLOR. Crown 8vo, cloth gilt, fully Illustrated, 5s. net.

## MORE ABOUT COLLECTING

By SIR JAMES VOXALL, M.P. Large crown 8vo, cloth gilt, with about 100 Illustrations, 5s. net.

## BY THE WATERS OF GERMANY

By NORMA LORIMER. Demy 8vo, cloth gilt, fully Illustrated, 12s. 6d. net.

## THE CURE FOR POVERTY

By JOHN CALVIN BROWN. Crown 8vo, cloth gilt, 5s. net.

## THE MASTER PROBLEM

By JAMES MARCHANT, F.R.S. Ed. With an Introduction by the Rev. F. B. MEYER, D.D. Crown 8vo, cloth gilt, 5s. net.

## THE LIFE AND TIMES OF QUEEN ADELAIDE

By MARY F. SANDARS. Demy 8vo, cloth gilt, with many Illustrations, 16s. net.

## AUGUST STRINDBERG: The Spirit of Revolt

Studies and Impressions by L. LIND-ÅF-HÄGGBY. Crown 8vo, cloth gilt, Illustrated, 6s. net.

## PAUL'S SIMPLICODE

Crown 8vo, cloth, 1s. net. A simple and thoroughly practical and efficient code for the use of Travellers, Emigrants, etc. A sentence in a word.

## THE INSANITY OF GENIUS

and the General Inequality of Human Faculty Physiologically Considered. By J. F. NISBET. Sixth and New Edition, with an Introduction by Dr. BERNARD HOLLANDER. Crown 8vo, cloth gilt, 5s. net.

## A QUEEN OF TRAGEDY

The Romance of Hippolyte Clarion, the great Eighteenth Century Tragedienne. By H. KENDRICK HAYES. In two volumes. Demy 8vo, cloth gilt, Illustrated, 24s. net.

LONDON : STANLEY PAUL & CO.

31 Essex Street, Strand, W.C.

## **THE CURE FOR POVERTY**

# **IMPERIAL AMERICA**

BY

**J. M. KENNEDY**

AUTHOR OF "RELIGIONS AND PHILOSOPHIES OF THE EAST,"  
"THE QUINTESSENCE OF NIETZSCHE," ETC. ETC.

AN important book dealing with the development of the United States and her influence on the politics of the world.

It contains a sound description of the modern political systems of the country, and also presents clear views of her probable destiny and of her relations with Great Britain and the European Powers and with Mexico and the South American States.

Demy 8vo, cloth gilt, illustrated, 12s. 6d. net.

LONDON: STANLEY PAUL & CO.  
31 Essex Street, Strand, W.C.

# THE CURE FOR POVERTY

BY

JOHN CALVIN BROWN

LONDON

STANLEY PAUL & CO.  
31 ESSEX STREET, STRAND, W.C.

*First published in 1914.*

## CONTENTS

CHAPTER	PAGE
I. IMPRESSIONS . . . . .	9
II. POLITICIANS <i>v.</i> BUSINESS . . . . .	35
III. THE BRITISH COMMERCIAL CAREER . . . . .	65
IV. THE COMMERCIAL CAREER OF THE UNITED STATES OF AMERICA (1789-1913) . . . . .	88
V. WHAT IS "FREE TRADE"? . . . . .	127
VI. WHAT IS A "TARIFF"? . . . . .	130
VII. "CONSUMERS" AND "PRODUCERS" . . . . .	148
VIII. WHO PAYS THE DUTY? . . . . .	159
IX. "PROTECTION" AND THE COST OF LIVING . . . . .	170
X. PROTECTIVE TARIFFS AND "TRUSTS" . . . . .	183
XI. A "PROTECTIVE" TARIFF AND THE COTTON INDUSTRY . . . . .	198
XII. THE EFFECT OF A TARIFF ON MANUFACTURING AND LABOUR . . . . .	222
XIII. "PROTECTION" AND AGRICULTURE . . . . .	262
XIV. ARMAMENT EXTRAVAGANCES . . . . .	288
XV. THE FEDERATION OF THE BRITISH EMPIRE . . . . .	301
INDEX . . . . .	355



# THE CURE FOR POVERTY

## CHAPTER I

### IMPRESSIONS

I HAVE lived in England for several years now. This is long enough to have examined the social and political structure of the Empire rather carefully, but not sufficiently long to have become so used to its complicated and intricate arrangements as to be blinded to the glaring faults and imperfections of the present British Imperial system.

It is said that one may get so used to even disagreeable things as to learn to enjoy them.

I once heard, for instance, of a dog who had had so many tins tied to his tail by youthful admirers and associates that finally every time he passed a tin he backed up to it.

I have become used to some of the "tins" by now, but the main, basic faults still startle and shock me.

On my first arrival in England from the United States I derived considerable amusement from the "dinky" little "playhouse" railway carriages. I could not help wondering how the railway companies managed to collect the fares which were due to them, since so many people merely walked past the collector

## 10 THE CURE FOR POVERTY

with a nod and apparently a password which I afterwards learned was "Season."

I have done much travelling in England since then, and I have never yet seen one of these thousands of "password" patrons actually produce and show his "season," but I suppose the railroads are comfortably sure that there is not a man in the land who has ever abused his knowledge of that password.

Later, when living in a delightful suburb of Manchester, and travelling to business each day, I began to accumulate a drawerful of first-class tickets, which I had been unable to find a collector to take at my destination.

Again, I was struck with the fact that the tickets were handed in as you passed out of the station, after the trains had departed, and I wondered if people ever rode first-class and gave up third-class tickets.

The rattling vibration of the light carriages annoyed me, and the terrible insecurity of the corridorless compartments for lady patrons caused me no little concern.

I was also annoyed at being unable to "check" my luggage, and surprised at the child-like faith of a system which invited me to select any piece of luggage which pleased me at the end of the journey, and make off with it. I shuddered when I contemplated the probable results of such a trustful system were it offered to my fellow-citizens on the other side. But time and constant contact does much to alter one's prejudices and dull one's criticisms.

I have learned to prefer the privacy of the English railway compartment to the long public carriages of an American train, where one "teething" child may cause fifty good able-bodied citizens for ever to deny

themselves the bliss of matrimony, and thus furnish additional decreases in an already insufficient birth-rate, which will justify another page of "Race Suicide" scare head-lines in the Sunday papers.

I prefer your luggage system, which at least guarantees that my luggage and I will reach my apartments in the same week.

Yes, and I have ceased to worry over the financial losses of the railway companies, but I have concluded that they prosper in spite of, rather than on account of their collecting system.

The day of my arrival at the Midland Hotel in Manchester, having enjoyed a very cold, stormy crossing of ten days of sleet, snow, rain and gale, I was shown into a cold, fireless room. After looking under the bed, in all the drawers and "cubbys" of the room, thinking surely I would find some unique and clever electric heating device unknown on our pioneer side of the water, I concluded that I had discovered a thing I had no idea existed in the world.

A fireless and heatless room.

With the comforting aid of a big "neat" whisky and a fur coat I managed to weather the temperature while a shivering maid laid and lighted a fire in a tiny grate.

The paper burned splendidly, the little framework of kindling blazed fairly well, but the coal—— The coal would not burn——no matter how much I poked it. And I love to poke a fire.

Since that time I have learned that English coal is not a deposit of asbestos, but is a really good quality—but unlike the American soft coal, it simply won't be poked. I have also learned to prefer the fresh coolness of an English home, and to abhor the stuffy,

## 12 THE CURE FOR POVERTY

suffocating closeness of the American superheated homes.

Again has time and constant contact won a convert. I visited the nursery in an English home one morning, and saw a nurse open all the windows to admit the wet cold of winter, and then proceed to bathe a few-months-old baby in a tub of cold water right from the tap, and I at once resolved that the reason the English race was so strong and healthy was that they killed the weak ones in infancy.

I have now learned to "fret" for my cold bath.

The second night after my eventful arrival I attended a large, annual banquet—and, oh! those speeches.

The guttural accent of the speakers, the wit without a point.

In the midst of the first speech a disturbance occurred which for a second I felt sure must result in a riot.

The speaker was giving a synopsis of the glory of the speaker he was introducing, and he made some reference—which, of course, meant nothing to me—when almost every guest began to shout, "Hear! hear!"

At first I thought it was a new style of chorus roll-call, and then I concluded that it was evidence that the room was unanimously reprimanding the speaker, but it was afterwards explained to me by my host. That host was a charming chap, but it has never quite seemed necessary for him to retail this incident so generally as he afterwards did.

I have now learned to prefer the rich, full-throat tones of the English to the sharp, nasal enunciation of my compatriots, and, above all, I have come to revel in the delightful wit of an English after-dinner speech. The English wit with delicious subtlety leaves a bit

of the last of his point for you to discover, while the American lays the whole answer flatly upon the table. One leaves a pleasant, lasting flavour, the other is over in the telling.

The third day after my arrival I stopped stock-still in a Manchester main thoroughfare and gazed with amazement at this sign over a shop :—

“ FAMILY BUTCHER.”

I have since, by carefully watching the criminal-court reports, concluded that the business was butchery for, not of, families.

A little further on I received another shocking impression of the English commercial tolerance :—

“ FUNERALS FURNISHED ”

was the next sign, and my memory flashed back home, and I instantly thought of about four orders I would like to place with the gentleman, if he undertook commissions to be executed abroad.

Now as a rule a father is not competent to criticise his only son, and I have gone rather fully into the above incidents in order to make the point that many things may strike a foreign critic, which entirely escape the notice of native critics, who are either used to them or too patriotic to condemn them, and I feel sure that honest, fearless criticism by a foreigner is exceedingly valuable, and should be examined by anyone wishing to diagnose the ills of his own land.

There are two chief reasons why foreign criticism is more useful than domestic.

First, because the foreign critic has no interest or axe to grind, while the domestic critic may hesitate to reflect upon his own political party, his friends, or

## 14 THE CURE FOR POVERTY

his own interests ; and second, because the foreign critic seldom condemns a thing which has not, to his knowledge, been corrected and improved in his own land, and his criticism therefore usually carries with it a valuable suggestion of the remedy. I have also found, as I have indicated, that many of the criticisms of a foreign visitor to England are based on nothing more than a difference of taste, and therefore time must be spent in any country before a real collection of basic faults can be listed by a visitor.

I have met few American visitors to England who could not within a fortnight retail a list of horrors in England which totalled almost everything they had seen and done, except perhaps the London traffic, but I have never yet met one American who, after living three years in England, could be contented again to live in the United States.

I am, of course, speaking now of the leisure classes, for the thing would be exactly reversed in the case of work-people.

An American working-man, if planted in England, and forced to accept English work, wages, and conditions, would return at once, if he had to walk to the port and stoke a boiler on a steamer to pay his passage. And he would be right. As "right as rain."

I once heard of a young American Free Trade farmer who came to farm in England, where there was no hateful tariff to work such a hardship on him.

He lasted two years, and at last was found in a terrible state, hiding in the bushes, near his mother's stable. He called a workman, and sent the following note to his mother :—

"DEAR MOTHER,—Please send me out a blanket so I can come in. I have a hat."

But, as I declared at the beginning, I have now been here sufficiently long to lose my aversion to taste differences, in fact, to learn to prefer it here, and it is quite probable that the rest of my life will be spent here, but I could no more become used to the dreadful, frightful poverty and suffering on the English streets than I could learn to admire the savage cruelty to horses in France and Italy.

I shall learn to enjoy the crushing burden of British taxes just about as soon as an ostrich will learn to look forward with pleasant anticipation to having his deep-rooted tail feathers ruthlessly jerked out—and just about as much.

English taxes begin before you are born, and hit you a last heavy, hearty, farewell blow after you are dead, while in between you have been constantly bombarded and peppered with first a blue notice, then a brown, a pink, and most of the other colours, until you turn in bewilderment to the host of incompetent, wordy, overcharging lawyers, and pay them to try to keep you from paying more than once.

A marriage licence costs your parents from £2 to £25 in fees and stamps. Your birth certificate costs you 7/6, and then you are in for a lifetime of it.

Part of your salary is given up to the income-tax man, you buy Insurance stamps—taxes, taxes, all the time. If it drives you insane you have to pay a lunacy tax, and if, in spite of all the knocks, you advance, then you must pay one-third of your rent in taxes, you are taxed for each servant, each carriage. When you pay a bill you must put a stamp on the cheque, and your creditor charges you another penny for a stamp on your receipt.

If you buy your home, you are taxed on the agree-

## 16 THE CURE FOR POVERTY

ment to buy, again on the deed, again on the cheque in payment, again on the receipt. They get you again if you mortgage it, and then they sit on your doorstep watching for the value of your property to go up so they can get you for increment tax.

You pay a tax to register a motor-car, another for a licence, again for your chauffeur, then his licence, and you keep on paying more taxes as long as it burns petrol.

If you can pay all these and innumerable other taxes and still make a profit, then you are caught for a big income-tax. You can't beat it, even if you give up and die, the tax man follows you beyond the grave demanding a will tax, a tax on the letters of administration, and lastly he takes a good big slice of from one to fifteen per cent of the lot as death duties, just because it's the last "crack" he will get at you.

Taxes ! Why, the people of Great Britain pay more than £1,000,000 per day in rates and taxes.

Think of it ! The rates and taxes amount to twelve and a half per cent of the entire value of British production.

Now how could I be expected to get used to this when no citizen of the United States has ever until 1914 been asked to pay a farthing of direct national taxes ?

Then, again, I can never expect to get used to your horrible system of lawyers.

You have solicitors who do all the usual work of a lawyer, and they seem to resent any attempt on the part of a client to direct them in the preparation of a case.

They write you innumerable letters, and provoke innumerable replies and conferences, and when they finally render you a bill, after repeated demands for

it by you, then you begin to see what it was all about.

You understand by the numerous six-and-eight-pences the reason of the uninterrupted communion, and you understand from the amazing total at the bottom why he was ashamed to submit the account promptly.

He simply knew he'd lose you.

I once heard of an English solicitor who swallowed a sovereign, and after being beaten soundly on the back he finally, after a great effort, coughed up thirteen and fourpence.

I have had considerable experience with English lawyers in the large transactions I have had since I have been living over here, and I am forced to the conviction that an average office-boy in an American law office would serve a client's interests better than does the average English lawyer.

Law is very cheap in the United States, and lawyers there not only throw their whole being into the exhaustive preparation of your case, but they fight like tigers for you, and finally, they charge you, not what they think they can get, but what they have earned, and I have never once been overcharged by an American lawyer.

The law which aimed to protect the Englishman from legal overcharges is the very cause of the present overcharging.

The "scale" of charges permitted not only encourages the English lawyer to "drag" a case out as long as he can, but it enables him to build up a total charge much larger than he would ordinarily have made.

I once heard of a London solicitor who, on being

## 18 THE CURE FOR POVERTY

asked why he had decided to forgo a holiday abroad, replied that "a client had died, and he was afraid if he went away the heirs would get the estate."

The settlement of an estate not only means a fat fee, but it is usually so arranged that the lawyer's fingers are in that cash-box the rest of his life.

Aside from the "scale" system of legal charges which ought by all means to be corrected, there are other abuses which are cruelly wrong, and should be corrected for the benefit of the real value-producers of England.

At best, in my opinion, the legal profession is a hateful and contemptible one.

A lawyer must take up either side of a case. He must help a client take something away from a fellow-man. He must furnish even a crooked, sharp-practice client with technical means of securing some coveted property or advantage, and yet keep him out of jail. In other words, he takes a fee and undertakes so to guide his clients, if they be so inclined, as to enable them to prosecute their piratical or parasitical pursuits in entire independence of the statutes.

They must plead with tears running down their honest faces for a murderer who has told them all about just how he destroyed the victim, and what he did with the corpse, and, as a rule, they will fee themselves out of the looted proceeds of the crime.

They get to be very clever at living a part, and I have always been more or less struck with the apparent earnestness and sincerity of most lawyers I have heard appealing to a judge or jury, and to disillusion myself I have had to remember that, for a fee, he would do equally well on the other side.

I once heard of an action for damages against a

railway company by a lawyer who had had a rib fractured in an accident on their line, and he won heavy damages on the plea that he would no longer be able to practise his profession, as he would only, in future, be able to "lie on one side."

Sometimes they accept fees and undertake perfectly hopeless cases, which they should never have allowed their clients to spend any money upon. It is told of the great American lawyer, Martin W. Littleton, that he once defended a man who had been caught red-handed in the act of murdering his father and mother, and Littleton made an impassioned plea for mercy on account of his client being a "poor orphan."

I remember I had a case early in my English experience, and after days of laborious preparation with the solicitor I was astounded by his suggestion that we should employ a barrister, or, as he called it, a "leader."

"But what have I got *you* for?" I replied warmly. Whereupon he told me that he must prepare the case, but he was not allowed to plead it in that court. We must have a barrister.

"But," I replied, "he doesn't know anything about the case. How can he expect to win it?"

"Oh," replied the solicitor, "I have made a brief of the case, and he will study it to-night and to-morrow, and be quite ready for Court the day after."

"But," I replied, with astonishment, "it has taken you days to get the details of the case in hand, how can he take it up in a few hours and beat the other fellow?"

"Oh," he laughed, "the other fellow will be in the same fix. It will be all right."

## 20 THE CURE FOR POVERTY

Think of that ! My only hope was that the opponent's man knew as little of the case as my man.

" How much do barristers charge for this work ? " I enquired, and I was told that they made no charge, it was an honorary profession, and they were not allowed to make any charge, but that it was usual to tender them a gratuity.

" How much ? " I queried directly.

" Well," he laughed, " enough to interest him sufficiently to cause him to be disengaged at the time we need him."

Different barristers could be cheered by different tenders, with a range about as wide as the price of a Paris hat.

At last we found that the man we ought to have had a reputation of being pleased to a useful degree by about £50 carefully slipped under his blotting-pad, without making it look like a vulgar charge, and that as is usual the golden balm should be administered before he did the work.

Thus did I give up \$250 more than necessary for my work, for I dare say the solicitor, having worked up the case, could have conducted it much better than could the man with the tender wish-bone, and for this sum what did I get ?

When the case was called I was astonished and bewildered to find my case in the hands of a fuzzy-lipped youth, who apologised to the Court for the unavoidable absence of his chief (I suppose at golf), and explained that he was the " junior " to my £50 purchase.

I was not only disgusted, I was outraged and as mad as a Yankee could be. I felt that I had been a victim of a little legal " shell-game." Not only was I out £50,

but I felt sure of losing the case, and doubtless would have lost it had it not been such a strong one.

On remonstrating afterwards, I was advised that I could do nothing, because the law of this great country permitted the members of that honorary profession to take a client's money and keep it. I could neither demand delivery of the agreed value for it, nor could I demand its return, and he has it yet.

Leaders, as their reputation increases, seem to suffer from "calloused wish-bones," and it takes an increased "present" to secure their attention.

Sir Edward Carson and Mr. F. E. Smith are probably at present the most difficult leaders to "tickle" in the country.

Now, you can get some of them by poking them playfully in the ribs with £20, but you can find those who wouldn't respond for less than £500.

But that payment is only a beginning, and if the honourable taker of your money has to attend your case more than that day, then he requires constant "refreshers" to keep him in a good humour, and he would chuck you and your case in the middle of it if you failed to "refresh."

The junior, who sits beside him in Court and prompts him, or jogs his memory, is allowed to charge you two-thirds of the amount you slipped under his leader's blotter.

Now let us see how this works.

On one day you may see a junior sitting behind a £50 leader, and the next day he prompts a £500 leader.

For the same work he gets in one case £33 6s. 8d., and in the other £333 6s. 8d.

How about the poor client who must choose between these two leaders? If he chooses the expensive one,

the whole scale moves up on him, and law becomes a luxury which only the rich may enjoy, and many people submit to wrong rather than pursue justice according to their means. As a wit once put it, they would have to lose the whole of their claim in an attempt to save the remainder.

Legal charges in England often remind me of the case of the Irishman who sued for damages caused by his falling off his employer's ladder. He secured £50 damages, and when his lawyer handed him £20 and kept £30, the Irishman looked at the twenty, and then at the solicitor, and seemed quite bewildered. When the lawyer asked him what was bothering him, the Irishman retorted that he was just trying to figure out which one of them it was who fell off the ladder.

On the occasion of the death of a late member of the French Rothschild house, a stranger was seen on the steps leading to the deceased's home. The stranger was weeping violently. A member of the family approached him, and said :

" My good man, why are you weeping ? You are not a member of the family."

" That's why ! " replied the sobbing stranger.

But I assure you that the criticism which I have just aimed at English law and lawyers is not caused by pique at not being a member of this parasitical profession, but I recite faults in the system that I never could get used to, or learn to regard as fair or just.

It's very difficult for one to slip and sit down flat on a muddy crossing and get up praising the Lord.

I dare say, from my somewhat extended experience with French lawyers, that I could get a divorce, be

cleared of a murder charge, and win a libel suit in France all for about the same price I would have to pay in London to get a music and dancing licence.

In my international experience the only lawyer with whom the English lawyer compares is the Spanish lawyer.

I once placed an account of 7500 pesetas in the hands of a Barcelona lawyer for collection. After months of effort, and heaps of correspondence, he finally secured settlement, and after taking out his charges (there was no action) he sent me a cheque for the balance due to me, of exactly thirty-eight francs.

He must have learned his trade here, or perhaps the British legal profession may have sprung from Spain, and if so, it is a "throw-back" to piratical days.

The speed and quickness, as well as the equity and justice of an English Court may well be copied by the Courts of the whole world, but the system of pleading and charges should be regarded with horror and corrected at once.

Some may resent criticism from an American, but I seem to get a breath of comforting justification from the fact that the two nations used to be one, and that to all intents and purposes they are still one.

There are to-day 3,300,000 people living in the United States who were born on British soil, while two of the Ministers of the present Federal Cabinet were born under the British flag, and the Northern section of the Senate or Upper House contains five Senators who were born abroad.

Thus I find that my home country not only submits to foreign criticism, but invites the critics to participate in the correction of our defects.

## 24 THE CURE FOR POVERTY

I also get a bit of comfort from the fact that some 50,000 Britons emigrate to the United States each year, while there is only one of me who came to England.

Since I have of my own free will chosen England as my home, I think I may be forgiven for making such suggestions as I make bold to present, with an honest belief that their adoption would benefit you as a people and strengthen you as a nation.

One of my earliest and strongest impressions of England was the terrible poverty, the hopeless misery and suffering which was ever present on your streets.

This impression still saddens me, and time has done nothing to alter this impression, and the prime purpose of my book is to suggest a remedy for this disgraceful feature of your national system, which I honestly and firmly believe is as unnecessary as it is inhuman.

I have made many public speeches in different parts of England, and I have held hours of conversation with the great politicians of your land, regardless of party.

I have endeavoured to convince them of the justice of my suggestions, of their duty to their trustful masses, and even of the electoral strength of my suggestions, but I have failed to secure more than a verbal agreement with my arguments.

I have gone to many funds, clubs, missions, leagues, and other well-sounding organisations, which sounded as if their real birthright was based on some real plan of social or national rejuvenation, but I have, without an exception which I can remember, found them officered with partisan politicians, and bound hand and foot to one or the other of the vote-catching political machines of your land.

I have found them unable to foster or further any reform which might in the slightest foul any of the wires of the political party which controlled them.

I have investigated the Tariff Reform League, and I found a great and powerful organisation, with branches throughout your land, earnestly teaching and preaching their doctrine, but I also found them officered and controlled by Unionist Party men, who were unable to bring their party to recognise the merits of their constructive policies as a leading party measure, and forbidden to promulgate their teachings in certain Unionist constituencies. Such, for instance, as a Free Trade Unionist constituency.

I found that when any member of this League became dangerously strong he was given a Unionist seat in the House, and in this manner brought under the sharp lash of the Party Whip, and at once he became a "party man" who must sacrifice his personal opinions for the good of that great party which enveloped him, or be thrown out and lose all influence he had in party councils.

When I suggested that the "Tariff" movement, if kept free from politics, would be the strongest power in the land, a power which, if properly financed, would force its general industrial policy upon Parliament, or defeat its opponent candidate, I was called "unorthodox."

When I pressed upon Party leaders the great vote-getting strength of Protection in other lands, I was told : "What the use? We are going to win any way on the Government's mistakes. It's easier and quicker."

When I suggested that a 10% Tariff was not a

## 26 THE CURE FOR POVERTY

"Protective" Tariff, I was told that the Unionist Party did not advocate "Protection."

When I retorted that they had no right to preach "Protective" benefits when they were not going to deliver "Protection," I was told that in their opinion 10% would protect in Great Britain.

I found inside the Tariff Reform League as large a variety of Tariff opinions, as widely different, and as contradictory, as I have found outside the League.

I found a staff of earnest, honest men, thoroughly believing in their doctrines, but working under the impossible, weak-kneed, and ever-changing modifications which their Party-Whipped chiefs were forced constantly to thrust upon them.

To-day they were successfully preaching the benefits of an agricultural Tariff. To-morrow they must explain away their Party's almost unanimous decision that it was a bad principle.

To-day they preach "Protection," and to-morrow they must meet the criticism of Sir John Simon that "Why 10%? If the foreigner pays it, why not a big Tariff?"

You cannot compromise on principle, and I am at a loss to know whether the Tariff Reform League directs the Unionist Party, or vice versa.

I was once watching a nigger fishing from a pier in a Southern port, and he caught a big fish, which pulled him into the water. An old darky standing by remarked laughingly, "Tell me, boss, is dat nigger fishin', or is dat fish niggerin'?"

After much contact with this League I cannot escape the conviction that they need to decide upon a definite, concrete policy, which does not require constant wavering amendment.

I was recently asked by a Unionist organisation to draft a "catchy" handbill for them. The first half of this bill gave a list of the four measures proposed by the Liberal Party, and pointed out that none of them would have the slightest beneficial effect upon the working-man's pay envelope, and then I came to the Unionist measures, and to save my life I could not think of anything they did advocate except the Tariff.

I have heard one of the leaders of the Tariff Reform League coldly announce to an annual meeting of the League's paid speakers that he could not see any indirect benefits to agriculture from a Tariff on manufactures. Such careless speech or confession of ignorance must be most discouraging to the workers in any cause.

Feeling certain that a modern Protective Tariff would be as beneficial here as it has always been elsewhere, I have written this book, as a text-book of all the arguments which occur to me as being necessary to consider, before even the leaders of this great movement could safely decide upon the course they should adopt. I feel sure that the general Industrial and Social public would be greatly enlightened on the Tariff controversy by reading this volume, which I also commend to the leaders of all Political Parties.

Even if they all discard the reforms I suggest, I am sure they cannot intelligently reject them until after they have at least considered the arguments which I submit.

I am not running for office, I have not written this book for profit, I do not even have a vote in your country, and the opinions I bind in this volume will

mirror the opinions of almost every intelligent foreigner who visits your delightful country.

I have heard your speakers and I have read their speeches on this Tariff subject for several years, and I have noticed the tendency to avoid this subject, and also the light, insufficient treatment they give it, and I am forced to the conviction that educational work is needed first amongst the Parliamentary candidates themselves.

When I hear a Unionist speaker either dodge "Tariffs" or discuss the question in his apologetic manner, I am reminded of a campaign incident I once witnessed in the States.

It was in a constituency where two-thirds of the voters were "niggers," and the nigger speaker was planning his speech with the nigger chairman, and after reciting the things he intended to talk about, such as George Washington, the father of his country, and Abe Lincoln, the man who freed the "niggers," and the local candidate, whose father had been the owner of the speaker's father, he said :

"An' then I'm goin' to say, 'Ladies and gentlemen, the next thing what I'm goin' to talk about is Tariff Reform,' and," he concluded, "whenever I say dat, Mr. Chairman, you rap like the debble on de table an' say 'Time's up,' 'cause I don't know nothin' about it."

The real purpose of my book is to give to these speakers such a knowledge of this subject that they will be able at last to lay its great merits before the masses at their meetings, and give the country a chance to learn what it is all about.

I have discussed the subject with many of your leading Industrial and Financial captains, and everywhere I am told two things.

"The English are apathetic," and "We have no strong man"—and I don't agree with either.

The English are not apathetic, but they are discouraged and disgusted with party politics and partisan wrangling.

I have met and weighed many members in the House, and I am convinced that you have a wealth of strong men. I could name a dozen men in the House who could pilot you safely through your chaos, but they haven't the Reform to stand out for, and if one of your young men became dangerously strong, the scheming, self-advertising leaders would see that he failed to get the Speaker's eye until he too was overcome by hopeless discouragement.

No, your strong man is here, but he will have to spring from outside, not inside your party-ridden House of Commons, and as soon as his outside strength becomes noticeable these "foxy" Party engineers will try to throw a blanket over his head and lead him into the Party lethal chamber, where more promising careers have been killed than produced.

Your able young men are not only stifled by the Party machine, but they are elbowed aside and smothered by your Peers' second sons and your social system.

What chance has he when the safe seats are all given to some stuttering, stammering son of a Viscount, who knows nothing of, and cares less, if possible, for the measures before you, and when the other seats are only given to those men who are able and willing to plank down a few thousand pounds to the Party?

What chance have you, I ask, to secure a House bent upon National Improvement and Advancement when a majority of its members are these two classes,

## 30 THE CURE FOR POVERTY

the actual end of whose desires is the very seat in the House which they secure without any qualification whatever, except either an inherited social position or an ability to pay ?

Is this representation of the people, or is it representation by automatons ?

The only class of rising young man who can afford such a career is the young lawyer, who by the seat itself will be aided in getting a lucrative practice, but do you want Government by lawyers ?

In my experience, most lawyers need a guardian whenever they invest their own earnings.

No, you don't want lawyer government, you don't want a House which is composed of two Limited Company Debating Societies. You want a House composed of the free, independent voice of the people of all your corners.

I have no doubt that the Party leaders are very well pleased with the present arrangement, but are the people ?

I was told of a sort of Christian Science newspaper reporter who followed the spirit of one of your late Party leaders to the gates of Heaven, and heard St. Peter say :

“ You are Mr. ——, late leader of the —— Party in England ? Yes, this is Heaven, you may come in if you like—but you won't like it.”

But what about the people ? I wonder if they wouldn't even rejoice at being admitted to the reputed cosy warmth of the other place, so beautifully described by Dante !

You must so rearrange your House that your statesmen have at least a chance of being heard above the din of your politicians. A statesman has no maxi-

mum of thought while a politician has no minimum. You must lift the lid and let out some of the statesmen's broad thoughts, and then you may hear your House discussing something of more national importance than the Disestablishment of the Welsh Church.

I almost advocate the creation of a new Progressive Party, backed by the business men of the land, and manned by your strong, clean young statesmen. A Party which would advocate a big, broad, constructive policy of national importance, and which would give the young man a chance to clean out the poverty and suffering which pollutes your highways. I believe the time is ripe for just such a movement.

I heard of a Jew who once had a clothing store which was joined on either side by another, and on arriving at business one morning he was paralysed to see a large, red-lettered sign over each of the neighbouring stores.

One read "Bankrupt Sale," and the other announced "Removal Sale."

How could he compete with two such draws? A happy thought struck him, and he at once covered the front of his shop with the blazing letters "Main Entrance."

Now at present both the Liberals and Unionists are working overtime reciting the terrible conditions of British Labour voters. From both you can learn that wages are low, men are unemployed, paupers are rampant, hunger is everywhere, taxes are ruinous, emigration is general, etc. etc.

Each by inference or express declaration suggests that the cure will be found on the counters inside.

Now, I firmly believe this is the moment to start a

## 32 THE CURE FOR POVERTY

new Protection and Federation Party and hang out the "Main Entrance" sign, for I feel that the real main entrance to your Industrial and National peace and plenty is through these two policies, and I also believe the people are waiting to stampede to a Party which advocates a big helpful policy, rather than one which badgers or injures some producing industry.

Somehow I cannot believe that the present Unionist Party is sincere beyond partisan welfare.

On all sides I hear their leaders flinging abuse at Mr. Lloyd George and his crew, and branding them as demagogues who stoop to the horribly degrading practice of setting traps for the voters.

They say that all the Liberals want is "votes," but what of themselves?

I remember a great love-feast and demonstration held in Albert Hall in November, 1912, at which great statesmen praised each other, and declared that at last all the factions of the party were united upon the great principles of Tariff Reform and all other measures.

About a month later Mr. Bonar Law was forced to discard the Preference end of that programme, and he did so as a vote-getting expedient. I am forced to smile then, when, in November, 1913, I hear Sir Edward Carson, who spoke after Mr. Bonar Law in a great Newcastle meeting, declare that he "agreed with Mr. Bonar Law, he would rather remain for ever in opposition than give up one item of the Party's principles."

It may be sincere, but it certainly isn't consistent.

I will say this for the Liberals, they do *do* things, and they don't hide behind a false face. I have never

heard them claim to be anything else than "vote-getters."

The Unionists agree that Old Age Pensions, the Insurance Act, and now a Land Measure were needed, but that they could have framed them better.

How they will explain away the fact that they never thought of them until their opponents dragged them into the "spot light" I do not at present see.

You must either have constructive legislation or you will get socialistic legislation. Which do you want?

If you don't like what you are getting, why don't you try the other sort?

This book is not modest. If I thought it was I would rewrite it. I want it to be sharp, I want it to bite through your placidity and show you what a curious figure you present to onlooking strangers, and I want to awaken in you some idea of your duty to your posterity, hoping that you may rise up with a righteous growl and do as the good awakened citizens of New York have done, and kick your Tammanys into the salty sea.

Too many of you are blinded by your patriotic belief in your own greatness, and you fail to see the downward tendency of your national condition.

This story is circulated about you in foreign countries. It is said that an English working-man died, and was being shown about the Hereafter by an attendant. The workman was delighted with everything, and he finally said to the attendant, "This is just like England. Those beastly Tariff Reformers were always telling us that we were so much worse off than the workmen in Protected countries, but I see the Free Traders were right. Free Trade England is as good as any of them.

## **34      THE CURE FOR POVERTY**

But really I never supposed it was as much like Heaven as it is. Why, you almost feel here as if you were in England."

" But, my good man," replied the attendant, " this is not Heaven."

I wonder, as I see the misery of your work-people, if there could be any worse existence in store for them in the Hereafter.

## CHAPTER II

### POLITICIANS *v.* BUSINESS

THERE can be no doubt that any nation's welfare depends upon the *measures* in force, and not upon the political *party* in power, and yet in no country can you find any political party who would willingly adopt any measure—no matter how beneficial to the nation—which would deprive them of office.

All parties seem quite willing to adopt any cause, no matter how local and unimportant, which promises immediate vote-getting popularity.

I recently took a minor part in a by-election in the Whitechapel constituency in London.

The candidate, a Protestant Irishman, and the principal speaker, a Catholic Irishman, spent most of their time telling the Whitechapel Jews how much the Irish loved them.

The seat was lost.

A statesman is always willing, if necessary, to sacrifice his own immediate ambitions, and even his party's immediate supremacy, to push forward some great scheme of national importance, even though in doing so he faces a long, severe, and tedious campaign of propaganda and educational work before the electorate can be made to understand and appreciate

the national and permanent benefits his constructive plan will secure.

When this man does win the electorate his party is placed permanently in power, posterity views his statue in a prominent park, and history reviews him at length.

The *politician*, however, is too impatient for this slow but sure procedure, and prefers to adopt measures having a quicker effect upon the voter, and the quickest appeal of the last few generations has been that of "class hatred" in one way or another.

Cobden carried through a successful stampede of the voters on a "fake" platform of "Free Trade," but on examining his speeches one finds that his whole and sole appeal to the voter was "Down with the wicked, rich landlord." In speaking to the factory labour voter, he declared that food would be cheapened by repealing the Corn Law, and then, fearing he would lose the farmer vote, he declared to them that they did not need a Tariff to keep their prices up, as distance and freight charges were all the "Protection" they needed.

Now if distance would keep the corn prices up to the farmer, how was the repeal of the Corn Law going to lower those prices to the factory labourer?

To top this all off, he shouted to both that he was going to wreck the "landlord monopoly."

The result of this policy has been that nothing he predicted "came off." Food prices have constantly mounted, and the landlord monopoly is more powerful than ever. More than half the land of the British Isles is to-day owned by twenty-five hundred people, and three-quarters of it is owned by less than one-twelfth of one per cent of the population. About

one-half of the farmers were ruined and driven out of the fields, and those remaining are operating with little profit, and are in most desperate straits. And the factory labourer is paying more for his food than he ever paid prior to Cobden.

Yet Cobden got the vote !

There is always a party in power, and there is always a party who wants to get into power, only too willing to ride into control on any vehicle that will get it there, even though the reactionary results of the vehicular policy drive it out of office again soon after its triumph.

The one big difference between the medical and political professions which gives the people security is that in the medical profession the errors and mistakes are buried with the patient, but political errors have results which *destroy the future career* of the politician.

In following the career of the United States we find that the Republican Party has always been most permanently in power, principally because it always supported a constructive "Protective" Tariff, the prosperous results of which were so satisfactory to the electorate that opponents found it hard to dislodge them from power.

The Party has, however, been defeated on several occasions, on each of which its opponents used the trickiest of "trap" issues, which gave them the temporary political control they coveted, but in each case the results of these "trap" measures were nationally so disastrous that their authors' reign was short indeed. "Trap issues" may win votes, but they destroy the party which advocates them as soon as the voter finds out what they really are.

I once heard of a Frenchman who got lost in the wilds of Texas, and on the second day of his aimless wandering he came upon a little log store, with a flaring sign over its front, announcing "*Ici on parle Français*" —which, translated from the French, means, of course, "Here one speaks French." His joy was boundless, and he simply overwhelmed the rough old tobacco-chewing proprietor with a volcano of French verbal glee.

The old man finally managed to query: "Are you laughin', cryin', or talkin'?"

"It is zere! It is ze sign!" declared the visitor, pointing to the board.

"Well, what of it?" drawled the storekeeper.

"Ze sign says you speak French," declared the indignant Frenchman.

"Does it?" exclaimed the old man. "Well, I'm damned! The Scotch travelling-man who sold me that said it was Latin for 'God Bless our Home!'" The salesman sold a sign, but lost a customer.

From 1842 to 1860 these "trap" politicians retained office by advocating slavery, not because they particularly favoured slavery, but because in this way they could ensure the solid support of the voters of the Southern Slave States. Under their ruinous "Free Trade" Fiscal system the country became positively bankrupt, and in 1860, in spite of the support of the solid South, they were turned out of office in favour of the party which had fought for eighteen long, tedious years on a platform of statesmanship and national welfare. The Republican "Protective" Tariff party kept their regained control for thirty-two years without interruption. During this thirty-two years the "Free Trade" Democratic Party constantly

sought to regain office under any sort of banner or platform. For years they kept the Southern vote by keeping alive the hatred for the party who had freed the slaves.

They constantly harped upon the punishment the Northern consumers were suffering from the "Protective" Tariff, they tried the popular battle-cries of "Free Trade," "Free Silver," "Down with the moneyed man," and all the other "trap" issues which, had they succeeded, would have driven them out again by their very ruinous results.

In 1892 they succeeded on the battle-cry of "Free Trade," "Cheap Living," and "Down with the Money-Baron," but they only retained office for four pitiful and ruin-prominent years, during which their destructive "Free" and "Cheap" measures bankrupted industry, drove labour out on the streets, turned markets into soup-kitchens, and brought on such a panic that they were again thrown out by the voters at the next voting opportunity. And out they stayed for another sixteen years, until 1912.

The Hon. Jacob H. Gallinger declared in the United States Senate in 1894 that the loss of business during the first year of "Free Trade" amounted to a total of \$16,000,000,000. This is equivalent to a loss in one year of *the entire total savings and accumulations of all the American people from 1620 to 1860 (240 years)*.

"Free Traders" sprang forth again in the 1912 general election, with the battle-cry of "Down with the Trusts," "Destroy Monopoly," and "The High Cost of Living."

Their success did not indicate that a majority of the voters wanted the Tariff tampered with, but it was

## 40 THE CURE FOR POVERTY

due to the fact that there was a "split" in the Tariff Party, and two rival Tariff candidates were in the field, and although together they polled nearly two million votes more than the Democrats, still, separately, neither had sufficient votes for success.

A recently published book, written by the new Democratic President, Wilson, entitled "The New Freedom," contains a collection of speeches made by him during the recent campaign. Read his speeches carefully and you will fail to find a single attempt in any of them to secure votes in any way except by abuse of the "Trusts" and "Monopoly." He tries to convince the voter, not that the "Protective" Tariff causes their living cost to go up, but that the "Trusts" cause it, and he promises that he will destroy them by removing the Tariff on their products, and letting in the producers of the world. His speeches are full of venom against the "rich men" who control the "Trusts," and he inflames the voter with pictures of how they cruelly destroy small competitors and force prices up or down at will.

Thanks to this "class" talk, and the Republican "split," he secured control of both Houses of Legislation, and at once called a special Session of Congress to hurry through the Tariff reductions which he has promised will demolish these rich men.

Let us see how he proposes to hit the "Trusts."

One of the most prominent articles he proposes to let in free is wool. Now there is no farmers' "Trust," but he calmly proposes to smash the wool-growing farmer in order to punish the "Steel Trust."

He also proposes to remove the "Protection" from wheat and sugar.

Both of these staples are products of the American

farmer, and how in the world you can destroy the "Steel" or "Oil" Trust by smashing a farm product, I cannot see.

To add to its "catchy" popularity, they call this new Tariff "The Poor Man's Tariff."

This title can be read both ways. Is it designed to increase the number of poor men and make them poorer, or to benefit them?

I once read a query to the editor of an agricultural journal from a farmer who wanted to know: "What was good for potato-bugs?" Neither of these matters could be settled without further information as to what result was desired.

On page 140 of his book President Wilson agrees that "Protection" was a splendid thing until "Monopoly" came along and destroyed domestic competition.

In all his speeches he also denounced the secret treatment, in Committee with closed doors, which past Governments had given to the discussion of measures of public interest, and repeatedly declared his intention of taking the public into the confidence of his Administration by the fullest public debate on any important measures.

The very first act of the new Democratic Upper House was to defeat on May 16, 1912, by forty-one to thirty-six votes, the motion of the Opposition to "Hold Public Hearings of the Discussions by Industries Affected," upon the new Tariff Revision Bill.

This is a fair sample of the attention politicians usually pay to their "clap-trap" electioneering oratorical raillery.

On page 146 he declares that the United States labour, even at double the European wages, is not

more expensive, and does not increase production cost.

Cobden declared in 1844 that :—

“I predict that ‘Free Trade’ in corn is the very way to stimulate the cultivation of the poorer soils by compelling the application of more capital and labour to them.”

President Wilson declared in 1913 in his first message to Congress :—

“The object of the Tariff Duties henceforth laid must be ‘effective competition,’ the whetting of American wits by contest with the wits of the rest of the world.”

Each of these men delivers a Fiscal Policy which forces their home producer to “scratch harder or starve.”

It is like father, like son.

A father and his son once bought overcoats exactly alike, and after dining together one night the senior discovered the boy had taken the wrong coat.

On the boy coming into the smoke-room late that night his father looked sternly at him and said :

“My boy, you took my overcoat to-night, and”—he added severely—“in the pockets I found a box of cigarettes and some racing tickets.”

“Yes, father,” replied the youth, “I noticed the mistake just after I had left. I found a beautiful lady’s garter and a ticket for a first-row seat at the ballet in the pocket.”

The debate closed.

No wonder Lord Welby, at the Annual Dinner of the Cobden Club, in April, 1913, congratulated the British on the forthcoming reduction of the American Tariff.

If congratulations are due to the British, then surely sympathy and condolence should be given to the American.

I certainly fully agree with this Cobden Club "speaker of the evening," and extend my congratulations to all other countries whenever any country removes its Tariffs.

In the *Post* of January 8, 1914, the Chairman and Vice-Chairman of the Anglo-American Exposition (1914) give a list of articles now let in free by the United States, and point out to possible British exhibitors at their coming Exposition that now is the time to *capture* the United States market. *Could this help the American?*

In passing, let us note that this great Cobden Club, which takes such an active interest in the welfare of the British people, is composed of about five hundred members, nearly two hundred and fifty of whom are honorary members who are domiciled in foreign countries, some sixty other of them being honorary members domiciled in England, most of whom are foreigners.

A careful investigation would probably expose the fact that a voting majority of this Club are interested as middlemen and jobbers of foreign products, which would be interfered with by a British Tariff.

Are they anxious to "Protect" the nation or their own pockets?

They all advocate "Free Trade" for Great Britain, but there is, perhaps, scarcely one of their members who represents a foreign industry which would not oppose "Free Trade" for its own country.

Of course middlemen don't want a protective tariff. They have no home industry to protect.

## 44 THE CURE FOR POVERTY

A negro once shouted through the iron bars of a jail cell, in which he was confined, to another negro who was passing by in the street, "Say, fella ! What time is it ? "

The passer-by turned with contempt and replied :

"What for you want to know de time ? You ain't goin' nowhere ! "

Therefore I say, *why should Cobden Club members want a fiscal system which would benefit home producers ?*

"Free Trade" is a splendid system to advocate for "the other fellow," but one cannot understand why anyone should advocate it for themselves.

Chairman Underwood, who "railroaded" this new American Tariff Bill through the Lower House, declared, in justifying the Bill, that the American "Protective" Tariff was an "1860 war measure" adopted to produce war revenue, and that, in honour, it should have been removed when it had served its purpose. This is the "politician's" statement. Now let us see what are the facts.

The first Act of the first Congress of the United States, enacted in 1789, established a "Protective" Tariff, and in the preamble to this Act occur these words :—

"Whereas it is necessary . . . for the encouragement and protection of manufacturers that Duties be laid on imported goods," etc. etc.

Not only therefore does this first Act of the first Congress dispute the statement of this politician, but every four years, from 1789 to 1912, a "Protective" Tariff election was fought by his political party, and

not once was it ever fought as a "war-revenue measure."

The General Election of 1860 was fought during the whole of that summer on no other question than "Protection," and there was no thought of war at that time. The election was decided in favour of "Protection" in November, 1860, and it was not until December 20th following that the State of South Carolina seceded from the Union and declared her ports to be "Free Trade" ports. The Tariff Act was passed on March 2nd following, and became law on April 2nd, but war was not declared until April 15th, and there was no cause for that war except "Protective" Tariff. The slavery question was not introduced into the war until the armies had been fighting for some eighteen months, when, on September 20, 1862, President Lincoln issued a warning to the seceding States, that unless they laid down their arms and returned to the Federated Union by the first day of the following January, he would declare their slaves free. Consequently, on January 1, 1863, the Emancipation Proclamation was issued, and from that time onward slavery was the war issue. Therefore we see conclusively how accurate was Chairman Underwood's statement.

The Constitution of the rebellious "Confederate States of America" contained the following clause :—

"Nor shall any duties or taxes on importations from foreign nations be laid to promote or foster any branch of industry."

From the above brief war sketch we can also get some idea of how far the Americans were willing to go to keep their "Protective" Tariff. They won a Tariff

in 1860 with their ballots, and they won it again from 1860 to 1865 with bullets and precious lives, and any man or party who ever takes away the Tariff breast-works which "Protect" the American from foreign industrial invasion will find *no limit* to the reprimand he or it will reap as reward.

But to return to President Wilson's promise to destroy the group of "rich men" who, he charges, control the railroads, the "Trusts," banks, and credits. Let us see how he is going to hurt these men.

He is going to remove the Tariff on their products, and let in all the world to take away their business.

If this method reduces their production, then it must cause them at once to dismiss labour, in which case labour suffers, but as yet the rich men are not hurt.

In a published letter to Senator Tillman, President Wilson exposes his fears in the following language :—

"This is the time to pass the Currency Reform Legislation, and I think that we are in a sense bound in loyalty to our country to pass it, so that any attempt to create an artificial disturbance after the Tariff Bill shall have become law may be set off by a free system of credit, making it possible for men big and little to take care of themselves in business."

He seems to *know* that the free imports which are going to smash the "Trusts" will cause a panic, to meet which he is preparing two defences. One is a system of discount credit currency, and the other is a "claim" that such a panic was not a *natural* result of the removal of the Tariff, but a *wilful act of retaliation* by the "Trusts."

In one breath he says he wants to smash the Trusts, and in the next he gets ready to claim that they spite-

fully injured the country by *wilfully smashing themselves.*

First he will demolish them, and secondly, if their labour or shareholders are injured in the operation, it must be the fault of the "Trusts." If any honest Senator opposes this "Free Trade" Bill he will probably be accused of being bribed by the "Trusts" lobbyists. If the smashing method reduces the dividends of the Trusts it will naturally reduce the price of their shares on the market.

In this case the "rich man" will retain *his* shares, but the small public investor will not only lose his dividends, but will sell at a *heavy capital loss.*

If the "Trusts" business is demolished, then the shares will drop to a ruinous level, and only the rich man can hold on. When the bottom has been reached this group of "rich men" will simply buy in all these shares for a song, and pay for them with money kindly lent to them by the banks they are alleged to control.

Meanwhile general industry and labour has been reduced to such desperate suffering that the disgusted voters will again put in the "Protection" Party, and prosperity will return to find that the rich group has fattened on the late "poison," and that the public has been entirely "squeezed" out of its "Trusts." The politician has "burned his house to kill the rats," but the rats calmly occupied the stable until the house was rebuilt, when they returned to the new house, multiplied and fattened.

Mr. Andrew Carnegie, the American millionaire Steel Trust magnate, strongly announces that he is a "Free Trader," and says that America has such a big home market that it no longer needs "protection."

Why should he not be a "Free Trader" since he owns a large proportion of the Steel Trust first mortgage bonds? If the Trust is bankrupted by "Free Trade," the bond-holders simply take all the property and freeze out hundreds of millions of dollars' worth of shareholders.

Of course the American home market is big, but it was *made* and *kept* so by the "Protective" Tariff system.

Mr. Carnegie might just as well declare that he feels so physically fit, and is so fat, that he will no longer need food, and that he will therefore refrain from further eating. He would in this case retain the robust health, which we all wish him, just as long as will the American market with "Protection" removed.

When will people learn that they cannot commit economic murder without economic suicide? You cannot destroy industrial organisation without demolishing industry itself, and the first and worst sufferers will be the weakest members of industrial society.

So much for the "rickety," "tricky," and unreliable vehicle which carried the present party of American politicians into power, to remain, probably, only until the next General Election.

Now let us examine into British politics and see if "trap" issues are used in partisan fights for office.

We will only take account of the two greatest parties.

First let us point out that general and national conditions in Great Britain are in a seriously bad state.

Taxes are terribly severe, national credit is bad, Consols are below 78, the wealth is owned by one-seventh of the people, nearly two million paupers

are supported by national charity and pensions, unemployment is rife, farming is paralysed, annual emigration equals the standing army, capital is pouring abroad until we seldom see a prospectus asking for capital for a domestic undertaking, wages average 25/9 per week, one out of four people dies in the workhouse, asylum, or hospital, and, in fact, the whole commercial and industrial nation is tottering and rapidly losing its place in the world's race.

This is the condition which these two political parties have faced for some years, and let us see what measures they have proposed to improve the above-mentioned conditions.

The Liberals have been in power for several years, and the following list gives the principal measures which they have passed during this time :—

1. The 1909 Budget Licensing taxes.
2. Old Age Pensions.
3. The Parliament Act.
4. The Insurance Act.
5. The Budget Increment Land taxes.
6. Home Rule.

How on earth could any sane man ever expect any or all of these measures to cure, or even check, the terrible conditions which confront the Government ?

The Liberal Government knew and knows that Great Britain is suffering as described above, and yet they spend seven years overworking Parliament in a shameful manner to pass this "shabby" lot of measures, not one of which was even designed to correct a single British ill or improve general industrial conditions.

## 50 THE CURE FOR POVERTY

I once heard of a surgeon who had operated on a patient for tumour. On being asked the result of the operation, he announced :

“ I lost the patient, but I saved the tumour.”

The political surgeons of England are rapidly losing their patient, but the disease of the body politic is growing beautifully under their treatment.

The expenditure for poor relief during the half-year ending September 30 was up 5·6 % over the corresponding period of the previous year.

The Licensing Legislation was designed to secure the enormous Nonconformist and Temperance vote.

The Old Age Pensions Bill was also a popular appeal for votes.

“ Down with the Lords ” was a good vote-getting, class-division war-cry.

The Insurance Act was a promise to take from the taxes and employer and give to the poor.

The Land Bill was “ Down with the Rich Landlord,” and was quite a successful vote-getting cry. These *statesmen* never once enlarged upon, or explained in any of their speeches, its effect upon the ordinary, medium-sized land or house owner, but always pointed to the great estates (such as the Westminster or Sunderland estates) and promised that this Act would force these wicked rich owners to disgorge their ill-gotten gains, and thus would huge sums fall into the national cash-box and greatly reduce the burdens of the poor.

The result of the three years’ working of this Act is laughable, but gruesome.

The Liberals thus created 4153 new jobs with salaries aggregating £492,626 per year, which strengthened

their patronage resources with which to reward their followers.

They estimated that this new, venomous tax would yield £490,000 the first year, and it actually yielded £28,000.

The next year they reduced their estimates to £300,000, and it actually brought in £58,000. They then reduced their estimates for the third year to £225,000, and it realised £163,000.

In the three years the total cash received by the Government from this tax was £222,000, and the cost of collecting it was £1,393,000.

The Liberals must feel a change of mind about that new tax similar to the farmer who tied the lead-string of a year-old bull calf to his leg while he closed a gate, and the calf ran away, dragging his unfortunate owner along the dusty road.

A passing neighbour who extricated the dishevelled victim said :

“ You ought to know better than to tie a calf to your leg.”

“ Yes,” drawled the bruised one, “ I do. I hadn’t gone ten yards before I saw my mistake.”

Home Rule was a “ trading job ” in which the Government traded their support to the Irish members for the Irish votes which were required to enable them to form a Cabinet and retain office. Never in any country has there been another political party so transparently and notoriously devoted to partisan power, at the expense of general, national, or public welfare.

Now let us see what they propose for the future. Surely these terrible conditions deserve some attention from the governing body !

No! Not a particle of attention will the Party promise, but they are still manufacturing "trap" issues to guide the voters' attention away from their suffering from an antiquated Fiscal system.

These "trap" issues always bear a "catchy" title, such as "Hands off Food," "Down with the Lords," and are only made use of as popular-sounding battle-cries—like the man who called a waiter and complained that the one lone oyster in his oyster soup did not even flavour it.

"Certainly not," replied the waiter. "It's not meant to. It's only used to christen it."

They simply want *votes* and *office*, therefore they promise the country the great boon of Welsh Dis-establishment and the Scottish Temperance Act.

Now what earthly hope can industry find in either of these two measures?

The latest "trap" to be sprung is a fine collection of "hatred" that is being flung at the rich farmer, who is accused of underpaying his labourers, ill-housing and ill-treating them, and this Government of *political statesmen* will endeavour to win votes by promising laws which will make the farmer pay more wages than he can stand, and the result will be that land will be taken out of cultivation and put down in pasture, and the poor farm-labourer will be driven to join his fellows in Canada or America; and thus will the utter ruin of British farming be accomplished, with benefits to none, and all for "votes"!

And after this second death of British farming there will be a serious argument as to the cause of death, just as there once was over the death of a patient after an operation, when the Coroner made a note on his report as to the cause of death, leaving the question

open as to whether it was "appendicitis or professional curiosity."

In my opinion the Coroner might easily have settled the question of either the first death of farming in 1846 or the second death which will follow this new Land Bill, by making the same terrible mistake once made by another gentleman who accidentally wrote the doctor's name on the "cause of death" line.

In one case it would be Cobden, and in the other his son George.

All at once, and for votes, Mr. Lloyd George faces an audience, and with tears streaming down his benevolent face he declares that he has neglected to attend to the land evils so long that he is ashamed to look a cabbage in the head, and he proceeds to declare that the Duke of Sutherland—let us say—must sell his great farm-land shooting preserves, even though there is an indistinct boundary between them and his stone quarries, to *bona fide* tillers of the soil.

Later on we can picture him, after having purchased one of these farms, being shown over his new property by the noble Duke.

All at once, in fancy, we see Mr. George break away from his host and Alpine guide and rush madly about amongst the studding survey stones, finally kneeling in front of a hole, into which he hastily thrusts a paper, and covers the hole with a stone.

When questioned, he would probably reply: "It was a rabbit, and if the little rascal can make a living on this farm he can have my deed to it."

The most pitiful international sight of to-day is the suffering, struggling industry of Great Britain, writhing under lash after lash, applied by a tottering political party, who is frantically endeavouring by vote-getting

tricks and by most embarrassing alliances with Irish, Labour, and Socialist enemies to retain its precarious hold on office, and turn its hopeless minority into a Cabinet-forming majority.

Both Germany and the United States saved themselves from just such a condition by Federating their parts into a mighty whole, and surrounding the lot with a reasonable "Protective" Tariff wall.

The only constructive measure advocated by any party in Great Britain is a Tariff, and the Unionist Party is not only afraid to advocate a "Protective" Tariff, but it is afraid to make even its little 10% Tariff *its leading measure*. If it were not for the Tariff Reform League little would be heard even from Unionist speakers about a Tariff, and the electorate would have small chance of learning anything at all about it, or its benefits to them.

The Unionist Party is not above a bit of trading, and to strengthen itself it took in the "Free Trade" wing, and you can now hear speeches from Unionist platforms by such men as Lord Hugh Cecil, a rank "Free Trader," and strongly opposed to the one and only *constructive* and *statesman-like* part of the whole Unionist Parliamentary programme.

There has never been an open and fair discussion of the Tariff question. The voter has never had a chance of learning what it is. Every time I have heard a Unionist suggest putting a Tariff on a French motor-car or Paris hat, the only arguments he got out of the "cunning" Liberal was a warning that, "If you do, potatoes will go up." "Keep your hands off the people's food," when the Liberal duty on food is, at this very time, the largest item of British revenue.

But they are politicians who were once described by a disappointed American office-seeker as :

"A class of men who, if shipwrecked on an uninhabited island, would, within twenty-four hours, have their hands in the pockets of the naked savages." So what can you expect ?

This "Food Cry" was so successful with the voters that the timid Unionists met, and decided that it was too dangerous to face, and they hurriedly dropped Food Tariffs from their programme, without even waiting to decide what food products they would drop. They no doubt meant to drop meat and corn Tariffs, but in their haste to "let go" they now stand pledged against "protecting" eggs, hops, vegetables, fruit, and all other crops which might have been "protected" without danger of increasing their prices.

They were simply afraid to explain to the electorate that a duty of 2/- per quarter on wheat would not raise the price of bread, because colonial wheat would be free and abundant for all demand, or at worst it couldn't increase as much as their savings on tea and sugar.

[NOTE.—A workman's family of 5 consumes weekly 12 quatern loaves of bread,  $\frac{3}{4}$  lb. of tea, and 4 lbs. of sugar.

The tea and sugar duty equals a bread rise of one farthing per loaf.]

No, they lost their preference arrangement with the Dominions, and when they do get ready to complete it they will encounter a Canadian-United States treaty of the same sort.

In this connection it is interesting to note that the *per capita* collection of food taxes at this time in Germany is only one-third as much as it is in the

United Kingdom, and in the United States it is ten-pence per year less than it is in the United Kingdom.

In the face of these facts it is almost scandalous to think that His Majesty's Ministers could stoop to such a misleading partisan battle-cry as "Hands off the People's Food!"

The Party cannot expect the voters of this age to follow them unless they explain their policies fully.

I once saw a tombstone in a Quaker cemetery on which the following was inscribed :—

"PREPARE TO FOLLOW ME."

Beneath this was carved :—

"To follow thee I'm not content  
Until I know which way thee went."

That's what to-day's voter wants to know.

This Unionist "move," like all other "weak-kneed" or "vote-getting" manœuvres, was bad for the country, but, above all, it was bad politics, and bad for the Unionist Party. If the Unionist Party expect to regain power, and retain that power, it *must—absolutely must*—remodel its platform, and come out squarely for a policy of "Protection" before it faces another General Election. If the Unionist Party is afraid to face the question of Food Taxes *to-day*, when it is coupled with all the benefits of "Protection" to manufactures, where will that Party be when it fulfils its present pledge, and, within two years after being returned to power, faces the electorate on a "Food Tax" proposal all by itself?

If there is danger now, there is certain defeat then, and surely a party is playing a silly game when, in

order to gain control, it practically promises to retire in defeat and disorder within two years.

Another reason why I claim it must reconstruct its Tariff proposal is this. At present the Unionist Party is pledged to lay on a Tariff on manufactured goods *not to exceed an average of 10%*. Now there are only two benefits possible from a Tariff. One is revenue, and the other is "Protection," and no party can stampede the voters by talking about the merits of a *revenue* measure unless it adds "class hatred." Therefore to get the votes, the Party must hold out to the voters the benefits of "Protection," and a 10% Tariff has little or no "Protection" in it. It is lower than the lowest "Free Trade" Tariff which ever ruined the United States.

The results under the present Unionist programme will be that the Party will have promised "Protection" results to wages and industry, and it is pledged to a Tariff which will not deliver the results promised, and the electorate will soon shout, "Where is my rise in wages?" and "Your Tariff is a humbug!" and not only will the Party go down to long and silent defeat, but it will be difficult in the future for any party again to secure the favourable attention of the electorate to even a decent Tariff proposal. All reasonable objections to a Tariff could be removed if the Party would only give sufficient attention to preparing its Tariff plan, and arrange a "Protective" Tariff programme which would be invincible as a vote-getter and invaluable to the nation.

I will give a few simple definitions which ought, in my opinion, to guide some Party toward a Tariff programme which would pilot it through all political "traps" and "tricks" and land it safely and per-

## 58 THE CURE FOR POVERTY

manently in control of this badly diseased industrial nation.

### I. *What is a "Protective" Tariff?*

A "Protective" Tariff is a high Tariff on all articles which are or could be overproduced at home.

### II. *How to establish the rates of a "Protective" Tariff.*

Take the cost of production at its cheapest point, and add a duty equal to :

- (1) The difference in wages you want your labour to receive,
- (2) Other natural differences—if any—which work as a handicap against home-producers,
- (3) A sum equal to the rates and taxes which the foreign producer would pay if he produced inside the Tariff wall, and, if you like,
- (4) A slight addition as an advantage to the home-producer, as a reward for his willingness to take up national arms in case of need.

### III. *What is British raw material?*

Raw material is the material required in producing British products, but upon which no expenditure has been made before its importation which could have been made economically in Great Britain.

[NOTE.—In the last three United States “Protective” Tariffs the question of raw-material duties was settled by the following provision :—

*“That where imported material on which duties have been paid are used in the manufacture of articles manufactured or produced in the United States, there shall be allowed on the exportation of such articles a drawback equal in amount to the duties paid on the materials used less one per cent of such duties.”*

I do not agree with the wisdom of this clause, and think it should be modified in such a manner as to “protect” the home market against the possible use by home producers of partly manufactured imports.]

The above explanations and definitions should, I think, clear away some of the uncertainty with which the Unionist Party now approaches the Tariff question.

I have been frequently asked the following questions, to which I will now endeavour to reply :—

1. *What articles should be put on the free list?*

I would put everything on the free list (except luxuries) which does not come within the above definition of a “Protective” Tariff, excepting perhaps such articles as might be required in order to raise ample national revenue.

2. *Would you tax corn?*

The only benefit which could possibly be gained by a Corn Tariff of 2/- a quarter would be a rise in price of 2/- a quarter to the home farmer.

Since Great Britain only produces about one-quarter of the corn she consumes, it would be much more reasonable and cheaper, and give the farmer the same advantage, to pay him a bonus of 2/- per quarter on the one-quarter home-grown corn, than to charge the consumer 2/- per quarter on three times that much foreign corn imports as well.

If I did put a Tariff on corn, I would take it off tea, coffee, etc., and in this way I would secure practically the same revenue now collected on foreign food products, but the new Tariff would automatically "Protect" the home corn-producer, whereas now the consumer pays this tax, and no home industry is "Protected" or benefited.

I would put a "Protective" duty on all farm products which you could overproduce, such as eggs, hops, vegetables, some fruits, dairy products, etc.

### *3. Does the consumer pay the duties?*

Not on any article which is overproduced at home. (See special chapter.)

### *4. Do "Trusts" destroy home competition?*

Not so much in "Protected" countries as in "Free Trade" countries. (See special chapter.)

If a "Trust" or "Tariff" raises prices above a fair profit, it certainly stimulates the growth of competition and multiplies the sources of supply.

*5. How would you regulate "Trusts"?*

I would enact and *enforce* laws similar to existing railway laws, denying them the right to differentiate their selling price, and this should destroy the "dumping" weapon with which they usually annihilate small and young competition.

Railways cannot give preferential rates to favourites.

I would enforce the utmost publicity of their complete accounts, and so regulate them in other ways necessary to destroy any unfair or cruel methods they used against competition.

*6. Does the cost of living go up under a "Protective" Tariff?*

Yes, but little more than it does under "Free Trade" Tariffs. (See special chapter.)

The cost of American living, as stated by the Board of Trade Reports, is 52% higher than it is in England, but the average wages are 130% higher.

*7. Would you grant Preferential rates to the Colonies?*

Yes, but I would prefer to give them absolute "Free Trade" within the whole Empire, if they would join in an Imperial Federation, and accept an equal voice in Imperial management, and an equal *pro rata* share of the nation's responsibilities. (See special chapter.)

*8. Would you maintain the Two-Power Navy Standard?*

Yes, certainly, and if the Empire was Federated, and surrounded by a "Protective" Tariff, I

would out of Tariff-revenue collections maintain an overwhelming Navy and stop this mad, international armament race.

All this could be done without a farthing of additional national taxation.

9. *Is the United States a fair “Protected” example for Great Britain?*

Yes, the resources of the United States are no greater than they were when Columbus landed in 1492, and are only more valuable because they are more highly developed.

The American development always “boomed” under “Protection,” and not only always stopped, but fell backward each time that “Protection” was removed.

The natural resources of America are not so great as those of the British Empire, but they are stimulated to develop under “Protection,” and they lie dormant under “Free Trade.”

Japan is even smaller than England, but she is advancing by leaps and bounds under her new “Protection.”

The smaller and weaker any nation, concern, person, or plant is, the more it needs “protection.”

If Great Britain was only one mile square, and its sole producing industry was a motor-car factory, it would be all the more necessary to protect that little factory from being closed by foreign competition.

*10. How heavy have the most successful American Tariffs been?*

[NOTE.—The following “average rates of duties” are found by taking the total value of imports (both free and dutiable) and the total amounts of duties collected.

In 1912 some 45% of American imports were free, therefore an average duty of 10% on manufactured products, as suggested by the Unionist Party, would amount to an average of only 6½% on the whole of the imports, both free and dutiable.]

Since 1820 the highest average rate of American Tariffs has been 41·4% on all imports, and the lowest has been 15·6%, while the average of the Dingley Tariff is 26·7%.

Every time the average fell below 22% there was a panic.

The average of 26·7% on the total imports would amount to a fraction under 49% on the total *dutiable* imports.

A satisfactory American “Protective” Tariff, then, is an average of 49% on the dutiable imports, which is practically five times as high as the Tariff suggested by the British Unionist Party.

The three lowest American Tariffs, which brought on the three panics of 1837, '57, and '93, averaged 30%, 28%, and 39% respectively on the “dutiable” imports, or an average for the three of 32%.

What good, then,—aside from revenue—will the Unionists' 10% average duty do to Great

Britain when an average Tariff of even three times as much was always so low as to cause an American panic ?

British duties at present average about 20 % on the total imports, but they are all levied on articles of food which Great Britain does not and could not produce. Therefore the whole of them should be repealed, and the needed revenue should be secured by placing new duties where they will not only produce revenue, but afford " Protection " to some home industry.

I once heard of a great politician who fell overboard into the placid water of a far eastern bay, and a man-eating shark darted towards him, but on recognising him the shark stopped, blushed, and then, with a look of terror, turned tail and swam rapidly out to deep sea.

Yet you let them control your welfare, and content yourself by complaining that things are not satisfactory.

## CHAPTER III

### THE BRITISH COMMERCIAL CAREER

THE importance of history cannot be exaggerated, and, in the opinion of the writer, the history of commercial supremacy has been inadequately treated in the multitudinous volumes which the Fiscal controversy of the past decade has brought to the light of day, so that I hope in this volume to give the other side of the Fiscal question in a more simple sequence than has hitherto been done.

I do not believe that the voters of the British Empire are like the venerable American judge who objected to hearing the defendant's side of the case "because it confused him."

I believe, on the contrary, that they have gorged themselves on Free Trade, and are hungry for all the Tariff information they can get.

An appeal to history, for instance, shows the utter fallacy of the theory so sedulously propagated by the disciples of the Manchester School of Economics, that the commercial supremacy of England has been built up entirely under the policy of Cobdenism, inaugurated in 1846. History clearly shows that the supremacy of which you are justly proud was obtained under a protective system long before that time, and that now you are in danger of losing it, and obstinate adherence to

your present Free Trade fiscal system is entirely to blame.

It is impossible within the limits of the present essay to present anything like an adequate account of your industrial growth, and, fortunately, it is unnecessary for the purpose in view. Your present commercial system may be said to date from the seventeenth century. At that time the Dutch were admittedly supreme. Their ships were on every sea ; they were the carriers of Europe, as you are to-day. Prior to the supremacy of the Dutch, Europe's commercial system was purely mediæval. The Mediterranean trade was monopolised by the Italian cities, and the principal trade of the north lay in the hands of the Hanse towns. Favoured by their maritime position, the Dutch acquired the oversea commerce of the decaying Hanse towns, and by the end of the sixteenth century the traders of Bremen and Hamburg were acting merely as agents of the all-powerful Dutch. Dutch commerce reached its maximum about 1670. Almost the whole carrying trade of Europe was in their hands, and out of a total European mercantile marine of some 2,000,000 tons, the Netherlands possessed 900,000 tons. In addition to their mercantile supremacy, the Dutch were from the seventeenth century the bankers of Europe, as England became after them. It must be understood, however, that the prosperity of Dutch trade in the period under review was derived from a natural advantage of geographical position. The prosperity resulted from trading, and, with the exception of cloth manufacture and the fishing industry, they had no national industry of any importance. It was not merely on the sea that the Dutch were powerful (and we know that for six weeks

their fleet swept the English Channel), they withstood the armed forces of Louis XIV on land. Long before Napoleon contemptuously referred to England as a "nation of shopkeepers," Louis coined the term in an affected contempt of the Dutch.

What brought about the decline of Holland's commercial supremacy? There can be little doubt that the main causative factors were the English Navigation Act of 1651, and Colbert's famous French Tariff of 1664—both of which were directly aimed at the Dutch.

The Act of Navigation, passed at the instance of Oliver Cromwell, had a dual object. It was intended not only to promote the navigation of Great Britain, but also to strike a deadly blow at Holland's maritime supremacy. The drastic and protective nature of the Act is evidenced by the following excerpts :—

"No goods or commodities whatever of the growth, production, or manufacture of Europe, Africa, or America, shall be imported into England or Ireland, or into any of the plantations, except in ships belonging to English subjects, of which the master and the greater number of the crew shall also be English."

The struggle between England and Holland, initiated by the passing of the above Act, was severe and prolonged. At the end of the eighteenth century Adam Smith pointed out that "The carrying trade is the natural effect and symptom of great national wealth, but it does not seem to be the natural cause of it. Those statesmen who have been disposed to favour it with particular encouragement, seem to have mistaken the effect and symptom for the cause. Holland, in proportion to the extent of the land and number of its

inhabitants by far the richest country in Europe, has accordingly the greatest share of the carrying trade of Europe. England, perhaps the second richest country of Europe, is likewise supposed to have a considerable share of it. Though what commonly passed for the foreign trade of England will frequently perhaps be found to be no more than a roundabout foreign trade of consumption." ("Wealth of Nations," page 352.)

The paragraph cited gives an accurate picture of the two great rivals for commercial supremacy. The methods of the two countries were antithetical. Holland was attached to a policy of Free Trade, England pursued a policy of rigid Protection. In the contest of the two nations England forged ahead and Holland declined. England had built up internal industry, and this was of tremendous assistance to her in the struggle with a country with practically no productive industry on which to rely for support. For two centuries Holland proudly carried on the world's trade, but in the end her Free Trade policy was of no avail in the grim struggle with "Protectionist" England. The policy by which England obtained maritime supremacy had an industrial basis, and the system of manufactures was developed by the application of stringent Protection. It was her factories which caused her to build her ships. It was the urgent need of those factories for uninterrupted sea deliveries of material that caused England to prepare to defend her sea-going commerce, and it was the demands of internal industry which dictated her external policy.

The extent to which she went in her endeavours to retain factory control, and to discourage its spread to other countries, may be illustrated by calling attention

## BRITISH COMMERCIAL CAREER 69

to some of the laws which she endeavoured to enforce in her young Colonies in America.

In 1699 Parliament decreed that :—

“ After the first day of December, 1699, no wool, yarn, cloth, nor woollen manufactures of the plantations in America shall be shipped from any of said plantations or otherwise laden in order to be transported thence to any place whatsoever under a penalty of forfeiting both ship and cargo, and £500 for each offence.”

You can scarcely call this law a “ Free Trade ” law.

From its nature we can easily assume that the legislating tendency at that time leaned more drastically toward more severe “ protective ” laws for manufactured articles than any measures advocated anywhere in the world during any time since that period up to the present date.

England went further than the above law in her endeavours to protect her manufactures, and imposed heavy fines and penalties upon any of the people of the Colonies who transgressed her “ protective ” transport laws.

The following provision is found in the British Statutes relative to wool :—

(Stat. 8 Eliz. Cap. III. Sec. I.)

“ No person shall send or take into any ship any rams, sheep, or lambs to be carried out of any of the Queen’s Dominions upon pain that every such person, their abettors, etc., shall for their first offence forfeit all their goods, half to the Queen and half to him that will sue.

“ Each offender shall suffer imprisonment one year, and at the year’s end shall in some market town in the fullness of the market, have his left hand cut off, to be nailed up in the openest place of such market, and every person offending against this Statute shall be adjudged a felon.”

## 70 THE CURE FOR POVERTY

Now it was under this sort of legislative beliefs and policies that England had at this period placed herself in actual control of manufacturing, credit, and the world's seas, and there is nothing in these laws or in any British Act of that period which is not absolutely foreign to the principles of "Free Trade."

The British idea of ideal "Free Trade" was :—

"The unrestricted right of Great Britain to sell her products in all markets, and the denial of the right to any other country to export anything to any place."

This was as near to a "Free Trade" policy as Great Britain ever came up to 1700, and yet her predominant position was secured before that date.

In 1732 Parliament prohibited the exportation of hats from province to province, and limited the number of apprentices in the Colonies.

In 1750 Parliament prohibited the erection of any mill or engine in the Colonies for splitting or rolling iron, under a penalty of £200 for each offence, but allowed the Colonials to export pig iron to England free of duty, so that it might be manufactured and returned to the Colonies.

Lord Chatham declared that he would not permit the Colonists to make even a hobnail or a horseshoe for themselves.

This principle was subsequently carried into effect by the absolute prohibition in 1765 of the export of artisans; in 1781, woollen machinery; in 1782, cotton machinery and artificers in cotton; in 1785, iron and steel making machinery and workmen in those trades; and in 1799, of the export of colliers, lest other countries might learn the art of coal-mining.

England's object was undoubtedly to prevent the

## BRITISH COMMERCIAL CAREER 71

growth of manufacturing abroad, and to compel those abroad to remain farmers who must sell their products to England at her price, and buy their finished factory products from England at her price, paying shipping and insurance rates to England in each transaction.

David Syme once declared in Parliament :—

“ In any quarter of the globe where competition shows itself as likely to interfere with English monopoly, immediately the capital of her manufactures is massed in that particular quarter : and goods are exported there in large quantities and sold at such prices that outside competition is effectually counted out.

“ English manufacturers have been known to export goods to a distant market and sell them under cost for years, with a view of getting the market into their own hands, and step in for the whole again when prices revive.”

Lord Goderich once declared in Parliament :—

“ Other nations know that what we English mean by ‘Free Trade’ is nothing more or less than by means of the great advantages we enjoy, to get a monopoly of all the markets of other nations for our manufactures, and to prevent them, one and all, from becoming manufacturing nations.”

In Bolles’ “ Financial History of the United States ” —Vol. II, page 47—will be found the following report :—

“ From 1783 to 1789 the trade of the thirteen old States was perfectly free to the whole world. The result was that Great Britain filled every section of our country with her manufactures of wool, cotton, linen, leather, iron, glass, and all other articles, and in four years she swept from the country every dollar and every piece of gold.”

The United States imports from England during 1784 to 1785 amounted to thirty million dollars,

## 72 THE CURE FOR POVERTY

while the exports to England during the same time only amounted to nine million dollars.

Thus we can see that England owed her greatness in 1788 to a most drastic policy of "protection" in both Tariffs and other laws, and we also see that Parliament was dominated by, and in the interests of, *English commerce*.

Their "protective" laws were so drastic as to cause the very first Congress of the United States of America to pass their first "Protective" Tariff, which was aimed directly at English manufacturers, and signed by George Washington on July 4, 1789.

This first American "Protective" Tariff marked the beginning of the end of the British monopoly of "factory system," and from then on to the present day there has been a constantly increasing tendency amongst all foreign countries to enact legislative measures which would enlarge their own and lessen the British market for manufactures, and which would foster and encourage the birth and development of manufacturing industries within those other countries.

In studying the history and watching the growth of all great nations, it is interesting to note than in each case their period of advancement dated from the time when their Parliament enacted some law which aimed to "protect" in some way their manufacturing industries, and each step forward can be traced to further commercial laws and manufacturing advancement.

The first United States Tariffs so nourished the manufacturing industries there that their growth was phenomenal.

In 1790 Great Britain had practically a monopoly of the world's manufacturing, but in 1914, only a

hundred and twenty-four years afterwards, the total value of the manufacturing products of the United States probably equals the combined totals of Great Britain, Germany, and France.

We can easily see that universal "Free Trade" from 1790 onward would have enabled the English manufacturer, by glut, to have destroyed any attempt to have established manufactories abroad.

We can also see that universal "Free Trade" in 1912 would enable the United States manufacturer, by glut, to destroy the manufacturers of England.

We have seen that up to 1790 the almost exclusive attention of the English Parliament was devoted to fostering and "protecting" her manufacturing industry, and that resulted in her having secured at that time control of the seas, of the credits, and of the manufacturing of the world.

We have also seen that in 1790 the Parliament of the United States, followed by those of other countries, began to devote their law-making attention to Tariffs and other laws designed to foster and "protect" manufacturing, and from that moment the factory system began to grow outside England.

Strangely enough, about this time there developed a marked tendency in the English Parliament to cease to concern itself with *commercial* measures.

Parliament had gradually drifted away from the producing industries and finally found itself composed almost entirely of landlords, there even being a legal qualification denying the right to sit in Parliament to any who were not landowners.

Up to the close of the war of the revolution England made Tariffs and other Fiscal laws for other countries, as well as her own, and her producing industries profited

immensely. So long as she was able to continue this policy all factions in England worked harmoniously hand in hand against the rest of the world, but as soon as she found she could no longer enforce the laws she made for other countries she found it necessary to make Fiscal laws for the home country against other countries; and the moment she began to do this, concerted and united action at home ceased, and the producing and wealthy peoples divided into two great parties, *landlords* and *merchants*.

Tariff laws were passed, but the duties on manufactures were too low to have any "protective" value, and the landlord Parliament also put a duty on corn.

This Corn Law was taken advantage of by the landlord, who at once raised his rents, and thereby kept any of its "protective" benefits from reaching the tenant. The only "protection" there could be in a Corn Tariff must be its tendency either to discourage importation, and thereby increase the demand of the home grower, or to give the landlord or tenant a more profitable price, and thus encourage a maximum crop. In no way could England, either then or now, have enacted any Corn Tariff which could have enabled the British farmer to produce sufficient corn to satisfy home demands, simply because the acreage of the British Isles is too limited.

From 1789 the industries of the United States grew steadily under her new "Protective" Tariffs, until the Embargo Act effectively barred all imports and forced the Americans to produce everything they wanted, or do without it.

This brought into being in America almost all known varieties of industries.

As the young United States industries advanced in prosperity, so did the British manufacturing decline.

Up to 1789 the Briton's business had been so arranged as to enable him to supply the whole of both the home market and the Colonial markets, but thereafter his Colonial market was gone, and he was, each year, losing more of his home market, because his home Tariffs were not high or general enough to be "Protective."

It must have been a very severe shock to the British manufacturer who was equipped and organised with the capacity sufficient to supply both markets suddenly to find the demands reduced to one-half his usual output.

The Britons must have found themselves over-produced, over-capitalised, over-staffed, and over-equipped in every line, and forced to reorganise their whole industrial structure from top to bottom.

It is obvious that this is the very time that Parliament should have devoted its whole attention to Fiscal laws which would have minimised the injury from the new order of things.

Parliament did nothing of the sort, but instead of even discussing some law which would have been beneficial to home commerce, its attention was centred upon internal, factional commercial difficulties.

The manufacturer was naturally doing very badly, and had been forced to reduce his wages to a shameful level, and his labourers were grumbling loudly, and something had to be done.

To illustrate the terrible condition of British workers of that period I will quote two supposed interviews with two work-people.

A farm labourer when asked about the food his master gave him replied :

## 76 THE CURE FOR POVERTY

" Well, for breakfast the master and missus has some boiled eggs, and we workmen getst he broth."

A factory worker sought to justify his master by saying that :

" The wages were terrible low, but his master gave him fifteen hours to do a day's work in."

The manufacturer was unable to pay more wages, but he might be able to give the workers an equivalent, if he could get the landlord Parliament to repeal the Corn Tariffs, and thus cheapen food.

This was the beginning of the great so-called " Free Trade " campaign of Richard Cobden and his manufacturing friends and backers.

We can easily see that it was not a " Free Trade " fight at all, but simply a battle between the landlords and merchants to determine which should stand the sacrifice which would quiet discontented labour.

A " Free Trade " fight would have resulted either in no Tariffs or general Tariffs of material size, and Cobden's fight was merely a fight to repeal the Corn Tariffs.

Other Tariffs were also repealed, but they would to-day be considered amusingly small.

In fact, any modern country of to-day would call such a Tariff a " Free Trade " system.

The lowest United States " Free Trade " Tariffs were many times higher and much more general than that which Cobden repealed.

This Cobden movement was simply a domestic movement which could not have benefited any one class, but which had for its sole object the repeal of the Corn Tariffs, which had benefited the landed class, and it won, simply because it was a popular

cry for "Cheaper Food" and "Down with the Landlord!"

During this great Corn Law fight in England you cannot find any record of one single person, either inside or outside Parliament, who did not concede that conditions in all trades were at that time terrible. And yet not one of them seemed to suspect that it was caused by international changes in commerce, and that it must be met by international legislation, and not by internal measures aimed by one section against another section.

Right then was the time when England should not only have continued her existing Tariffs, but should have completed that "protection" by the additions necessary to make it into a high "protective" wall against all foreign consumers.

Cobden and his manufacturing friends, instead of wasting their time trying to escape a threatened rise in wages, by cheapening farm food products, should have demanded a high "Protective" Tariff on manufactured articles, which would have kept out foreign products, and would, by closing the largest market in the world, have delayed the progress of United States manufacturing at least fifty years, and given the English manufacturer a monopoly in what was then the largest and best market of the world.

The spectacle is incomprehensible.

Here we see England in 1790, not only jealously guarding her home market, but actually refusing to allow any other people to trade even among themselves. Not only keeping the home, but all other markets to herself.

Look again in 1840 (only fifty years later) and we see the same England leaving her home market open

and free to all countries when those other countries had kicked the English out of all their markets by enacting "Prohibitive" Tariffs against English goods.

Knowing the value of markets better than any other country, we see the English calmly watching these other merchants slam the door in English faces, while they devour the English home market without interference.

Why was all this? Simply because the English Parliament was dominated by wealthy men who could afford to live in London and sit in Parliament without pay. These men called themselves representatives of the class called "consumers," and refused to sanction any laws which might interfere with their right to buy in the cheapest markets of the world.

Cobden's policy of "Free Trade" was simply a complaint that the corn duty was a benefit to the landlord which he wanted taken away.

Here we see two regiments of soldiers fighting the enemy, one behind breastworks and the other in the open.

The one in the open, disregarding the enemy's fire, openly attacks its comrades behind the earthworks, and seems quite satisfied when it succeeds in destroying the breastworks, after which both tranquilly face the enemy without "protection."

Cobden was not a "Free Trader." He was simply an enemy of the English landlords, and he destroyed the "Protective" Tariff which was benefiting the landlord of England, but left the duties on tea, coffee, cocoa, and other food products of the landlords of other countries.

Why did not Cobden repeal all food duties while he was at it?

If he left the duties on tea, coffee, cocoa, and other food-stuffs for revenue, then, if revenue must be raised in this manner, why did he not free these items and put the duty on the other articles which would help the British farmer?

If a food tax was necessary, why did he not leave it where it would help?

The reason is obvious.

He could not expect to win popularity with the masses without a battle-cry of local "class hatred."

Cobden's whole cry was, "Down with the landlord monopoly."

He succeeded in repealing the Corn Law, but whom did he hurt?

Did he destroy the land monopoly, or destroy the farm tenant and labourer?

He saved a rise in wages, but he left the market wide open to foreign manufacturers. "He tightened the spigot and left the bung open."

Only half the number of people are engaged to-day in farming, yet the landlord monopoly in 1914 is worse than it was in 1846, and to-day farm rents are much higher than in 1846, and more than one-half of the land in Great Britain is owned by 2500 persons, and three-quarters of the land of England and Wales is owned by 38,000 individuals.

Thus Cobden destroyed the tenant and labourer, without in the slightest degree lessening the monopoly he attacked.

He killed the patient to cure the disease, and the only thing I ever heard of which could be cured after death is "bacon."

No, we cannot conclude that Cobden was a "Free Trader," neither can we conclude that he was a Tariff

## 80 THE CURE FOR POVERTY

Reformer, but we cannot avoid concluding that he was a very unsafe Political Economist, and that he was not even a good “*guesser*” or prophet. In his speech in the House of Commons on August 25, 1841, he said :—

“ I assert without fear of contradiction that the rate of wages has no more connection with the price of food than the moon’s changes.”

Prominent “Free Traders” of to-day *do* contradict him. If you suggest putting a duty on a French motor-car to raise wages, they will shout back at you at once : “If you do, food will go up!” If you declare that wages are higher in Tariff countries than in “Free Trade” England, they will declare that the cost of living is equally higher.

Let us study a Cobden argument and prophecy, taken from his great London speech of February 8, 1844, in which he said :—

“The effect of ‘Free Trade’ in corn would be this :

“It would increase the demand for agricultural produce in Poland, Germany, and America, which would increase the demand for and raise wages of agricultural labourers in those countries.

“The effect would be to draw labourers away from manufactories in those countries. To pay for that corn, more manufactures would be required from England : this would lead to an increased demand for labour in our manufacturing districts, which would raise wages with us.”

Cobden proposed to turn over the English corn market to the foreign farmer, and make him so prosperous that foreign labour would all go into farming, and thus foreign factories would be unable to secure labour and would have to “shut up shop,” leaving the

whole foreign demand for manufactured goods to be supplied by English labour.

Comment on the soundness of the above is useless. One can only enjoy its extraordinary comedy.

His free corn did not reduce rents, but it did increase the prosperity of the foreign farmer, and it correspondingly reduced that of the home farmer to such an extent that to-day only one-third as much corn is raised in Great Britain as in 1846.

The United States farmer did prosper, and that prosperity did draw shoals of labour away from the American factories, but the factory did not shut down, but at once drew upon Europe for millions of emigrants.

This prosperity did increase the American demand for British manufactures, but the American Parliament passed high "Protective" Tariff laws, which kept these benefits away from England, and the American prosperity was spent with the home factory, and thus was the "harvest" end of Mr. Cobden's prediction upset.

Now let us see what he predicted would be the effect upon the English farmer. In the same speech he said :—

"I predict that with 'Free Trade' in corn, so far from throwing land out of use, or injuring the cultivation of the poorer soils, 'Free Trade' in corn is the very way to increase the production at home, and stimulate the cultivation of the poorer soils by compelling the application of more capital and labour to them."

This is delicious political economy.

Cobden would stimulate farming by forcing the farmer to spend more money on his land, and work harder, or starve to death.

In his great speech in the "Free Trade" Hall at Manchester on October 24, 1844, Cobden said :—

"I predict that the future agricultural historian will state that in 1830 stringent 'protective' Corn Laws were passed, and from that time on agriculture slumbered in England, and it was not until the Corn Law was utterly abolished that agriculture sprang up to the full vigour and became unrivalled in the world."

A hen is said to be the best prophet, for she announces the fact after the event. I wonder if Cobden's spirit wouldn't like to revise this prediction to-day ?

To-day there are one-half the British farmers there were when he made this prediction. Great areas are turned into permanent pasture, while the country is more than ever dependent upon the supply of foreign farm products, and Great Britain is not even considered an agricultural rival of any other country. A large portion of even vegetables are imported, while the importation of eggs alone in 1912 amounted to the appalling total value of £8,000,000, and the imports of dairy products exceeded £40,000,000. Farming is dead in England, and it was murdered by misguided Cobden, who destroyed it without benefiting any other industry whatever.

Another prophecy Cobden made in a speech in Manchester, on January 14, 1846, was as follows :—

"I believe that if you abolish the Corn Law honestly, and adopt 'Free Trade' in its simplicity, there will not be a Tariff in Europe that will not be changed in less than five years to follow your example."

Is that what has happened ? Would Cobden to-day repeat such a prediction ?

This was the weakness of Cobden's plan.

Universal "Free Trade" in 1846 would have given English factories a tremendous advantage, owing to the weakness of young foreign factories, but universal "Free Trade" to-day would yield great advantages to the powerful American, German, and French factories, and seriously injure English manufacturing.

Some years ago Tariffs were needed as a "protection" against cheap foreign labour, but to-day Great Britain most needs "protection" from competition from the highest-priced labour in the world.

This is because the modern manufacturer does not try to cheapen production cost by cheapening his men so much as by cheapening the processes of production, by encouraging the invention of labour-saving and product-increasing machinery.

No, instead of nations following Cobden's advice and predictions, there has been from then until now an ever-increasing tendency amongst all nations to increase their Tariffs to their highest "protective" efficiency.

Cobden was absolutely wrong, both in theory and prophecy.

The real meaning of the term "Free Trade" is the absolute unhampered right of every man to *buy* and *sell* wherever he can make the best bargain.

This is also the meaning which Cobden then wished, and which "Free Trade" politicians still wish the term to convey to the voter.

Something "free" always sounds good.

"Freedom"—so dear to the Englishman.

Why not "Free Trade" in 1840, when England owned the factory business of the world, most of the ships on the sea, and manufactured most of the goods for sale?

She already had all the "Free Trade" rights to *buy* which she needed, as she was the only customer for raw material who could use it, or who had ships to move it in, and her only fear was that someone might sometime interfere with her right to *sell*.

She feared some nation might copy her Corn Law, and apply it to the products of their factories, and Cobden wished and predicted that all other countries would also adopt "Free Trade," and permit the English manufacturer to continue freely to exchange his products for their gold.

Had England been able to retain her factory secrets, her monopoly of factories and factory machinery, no such policy or law would have been necessary or discussed, for she could have paid any Tariff they might exact, and have simply added it to the price of the articles she alone could manufacture.

But this was not the case. Her secrets had gradually leaked into other countries, and the commercial fever had attacked other peoples, who were not only utilising the English machinery and ideas, but were improving them and inventing new machines, until the question of political commerce became even a more important subject of discussion and laws than it was previously.

From the Englishman's point of view universal "Free Trade" in 1840 was perfectly right, if *all nations had joined in it*, and in the main such thinkers as Cobden very cleverly met the conditions of 1840, but those conditions are so materially altered in 1914 as to make the policy—which in 1840 would have helped England most—a policy which in 1914 would hurt England more than it would the United States or Germany.

These thinkers did not correctly judge the extent or direction of the changes which Time would evolve.

When Adam Smith declared in 1776 that "Commerce was a false structure, and must fail," he did not anticipate that within 125 years Commerce would master the earth, that all nations would live for Commerce alone, that all laws would be framed by Commerce, that all war causes would be Commerce, that all tax burdens would be for Commerce, that no wars could be fought unless commercial interests consented to furnish the funds required, or that Commerce would overwhelm and smother Art, Literature, Science, Philosophy, Society, and, in many ways, even common honesty.

Adam Smith did not anticipate, when he declared that "Peace, easy taxes, and a tolerable administration of Justice" would bring any nation to the top, that, while any people could administer Justice to suit themselves, Peace would learn to depend upon the scramble of nations for commercial markets, and that Taxes would depend upon how much you spent in war-like preparation to protect your commercial market, and that "getting to the top" in 1914 would mean the actual destruction of his two requisites, "Peace and easy taxes."

If Cobden could return to-day, and see the seas speckled with ponderous ships, each carrying as much corn as a county could produce, and landing it in Liverpool in a few days, and at a most trifling cost, I feel sure he would reverse his advice, and humbly apologise to the million English farmers he ruined and put out of business, and advise the now remaining 900,000 that they must apply some sort of a "protective" policy or "shut up shop."

Statesmen would not now assert that other nations would for ever remain "the hewers of wood and drawers of water" for England.

Up to 1840 Commerce controlled British politics, but since that time politics have controlled and kept English commerce and commercial laws almost exactly where they were put by Cobden.

Englishmen could then and can now make all the "Free Trade" laws they like, but foreigners alone can make laws which will give England "Free Trade" in the selling markets of Commerce.

Commerce is divided into two important markets : (A) the *buying* market, and (B) the *selling* market.

The first is, and always will be, simple and unimportant, since anyone of any nation may *buy* where he likes, if he will pay the price, and he will not care to buy abroad except at a lower price than that of his domestic market.

The second, or *selling* market, is the only important part of Commerce which the "Free Trade" policy needs or wants, and this market is not controlled by the Englishman, and no "Free Trade" law, or any other law, which an Englishman could propose or enact, would ever give him the right to another nation's market.

Can we imagine any other nation threatening to declare war against England unless England consented to allow them to *buy* English products ?

No. But is it difficult to imagine their willingness to engage in just such a terrible contest for the purpose of not only forcing England to allow them to sell their products in British territory, but for the additional right to keep any territory they might gain as their exclusive market, from which British products would be barred by Tariffs ?

Why do countries to-day covet Colonies?  
Do they want the honour of broad areas?  
Are Colonies profitable ratepayers to the Home Countries?

No. On the contrary, they are burdens, heaps of annoyance; they govern themselves, and greatly increase the burden of taxation on the home-country ratepayers; they are, nevertheless, very valuable to the Mother Country, but solely and simply as a *selling market*.

I have rather laboured this point in order firmly to establish the fact that the only possible benefit which Commerce could gain from "Free Trade" is the *free right to sell*, and further to establish the fact that no law Englishmen can propose will secure this right without the consent of their foreign neighbours.

If this is true, why call England a "Free Trade" country?

To be sure, she has the right to buy where she likes, but so has every Tariff country, but it is equally true that she does not have the right to *sell* anywhere—*not even in her own Colonies*, unless she first pays a substantial Tariff handicap at the port of entry.

This condition now exists, and from out of it comes directly or indirectly practically every serious difference which has to be adjusted by the diplomats of to-day's nations.

This condition has further complicated Commerce, and as a direct consequence all thinkers of all nations are earnestly studying the best forms of

#### PROTECTIVE TARIFFS.

## CHAPTER IV

### THE COMMERCIAL CAREER OF THE UNITED STATES OF AMERICA (1789-1913)

FROM 1767 to 1770 the British Government persisted in its principle of restricting the trade and manufactures of the American Colonies, enforcing the Navigation Act, Stamp Act, Import Taxes, and many other severe measures which aimed at the destruction of Colonial-producing competition and the "Protection" of the British producer.

This policy of "Protection" enacted in Great Britain and enforced in the Colonies is exactly what forced those Colonies into concerted revolution, and caused the convening of the first Continental Congress at Philadelphia in September, 1774, which published a "Declaration of Rights," protested to King and Parliament, and engaged in a Non-Importation agreement, binding themselves to order no new British merchandise and to countermand all unfilled orders.

War was declared in 1775, and was carried on under the Continental Congress, which issued on July 4, 1776, the "Declaration of Independence."

The Colonies (now called States) at once provided themselves with separate Constitutions and Governments, and framed a scheme of Federal Government

called "Articles of Confederation and Perpetual Union."

Unanimous consent to this scheme was not secured until 1781 (five years later), after a great deal of jealous wrangling over State privileges, etc.

This war resulted in England granting independence to the American Colonies in 1782, and I make bold to suggest comfortingly that in my opinion the defeat which you suffered in this war was probably the greatest victory the British nation ever enjoyed, for had you retained the United States it is more than probable that the "tail would to-day have been wagging the dog." At any rate, that member would have been such a "flea-pestered" portion of your body politic that it would be more troublesome to-day than is your Irish "appendix."

This Federation scheme of 1781 was a decided failure as adopted. Its chief defects were :—

1. It left too much power to the States.
2. It left the Federal Government entirely dependent upon the States for money and the enforcement of its decrees.
3. Any State could violate Federal treaties.
4. Federal decrees did not operate against individuals.
5. It did not command respect abroad or tranquillity at home.
6. Any amendment had to be approved by every State.

After vain attempts to secure the amendments necessary to enable the Federal Government to pay its debts, the Philadelphia Convention of 1787 was

called, and a new "Constitution" was substituted for the old "Articles of Convention."

This Constitution of the United States of America was adopted and went into effect in 1789.

As previously stated, the very first Act of this new Federation of the thirteen American Colonies or States was, on July 4, 1789, to enact a "Protective" Tariff which was aimed directly at the manufacturers of Great Britain.

In this Act the following language occurs :—

"Whereas it is necessary for the support of the Government, for the discharge of the debt of the United States, and for the encouragement and protection of manufactures, that duties be laid on imported goods, therefore be it enacted . . ." etc. etc.

Now the Congress which enacted this first "Protective" Tariff did not do so because of any belief in or knowledge of Political Economy, but simply because they knew they were still absolutely dependent upon Great Britain for all their manufactured merchandise.

They knew they had rebelled, and secured freedom, from the British taxes, which they had disliked, and yet they knew they were in practice still absolutely in the power of the British.

They knew the British ships could charge what they wished for freight on incoming goods, and that the British manufacturers could charge what they liked for their products, and they foresaw that if anyone in the Colonies tried to start a factory in any line, the British producer, already equipped with abundant plant, capital, and experienced labour, could, for a time, "dump" his products into the Colonies in such

quantities and at such ruinous prices as would destroy any new Colonial factory.

I am reminded of two Jews, who were inveterate gamblers, who had bets with each other on every possible occurrence. On entering a bathing establishment one said to the other, "I'll bet you a sovereign I need a bath worse than you do."

"Oh, well," replied the other, "of course. You're older!"

Now those young American industries with Free Trade conditions had as little chance of winning against the older English as this young Jew had.

It is obvious that the industrial "Protection" benefits sought by this Act were eminently present, and that it was for immediate relief and not for any theoretical benefits to American posterity that the Act was passed.

Another reason, not Fiscal Economy, was that the new Federation had just passed through nine years of quarrelling and wrangling over the question of how each State should be drawn on for money for the support of the Federal Government, and peace was only secured and the Federation made possible when it was agreed that the Federal Government should not draw on any State or on any citizen for money, but should support itself by its collections of duties, sale and rental of public land, Excise collections, Post Office profits, etc.

This forced the United States to have a Tariff at least for revenue, or dissolve itself for want of necessary operating funds.

Previous to this time no other nation had ever enacted a strictly "Protective" general Tariff.

Those of a similar nature which Great Britain had

## 92 THE CURE FOR POVERTY

enacted had not been so "Protective" as they had been "aggressive" on behalf of their home producer.

It must be clear that when Cobden predicted in 1846 "that there would soon be universal 'Free Trade,'" he could not have known that the United States of America must continue indefinitely to collect Tariff duties in order to secure funds necessary for her current expenses.

The first real "Protective" Tariff, with no thought of foreign aggression, was that enacted by the United States in 1789, and it was purely a safety measure, which was quite an experiment, but its results were startlingly satisfactory to its designers.

The men who composed this first Congress were drawn equally from each State, and did not only represent manufacturing sections, but the landowner predominated.

George Washington, the first President, in his first message to Congress, said :—

"The safety and interest of the people require that they promote such manufactures as tend to render them independent of others for essentials, particularly military supplies."

Now we see this "Protective" Tariff begin to work, and we notice the tone of surprise following its development, when it not only fulfilled the modest hopes of its designers, but began to demonstrate greater possibilities than they ever dreamed of.

In his seventh message to Congress we find George Washington saying :—

"Our agriculture, commerce, and manufactures prosper beyond example. Every part of the Union displays indications of rapid and various improvement, and with

burdens so light as scarcely to be perceived. Is it too much to say that our country exhibits a spectacle of national happiness never surpassed if ever before equalled?"

In his eighth message we find a proud "I told you so" inclination in his words :—

" Congress has repeatedly, and not without success, directed their attention to the encouragement of manufactures.

" The object is of too much consequence not to insure a continuance of their efforts in every way which shall appear eligible."

John Adams, the second President, in his last message to Congress said :—

" I observe that the product of revenue during the present year has been more than during any former period.

" This result affords conclusive evidence of the wisdom and efficiency of the measures which have been adopted by Congress for the protection of commerce and preservation of public credit."

Thomas Jefferson, the third President, and the father of the Democratic Party, which is now the "Free Trade" Party in the United States, laid it down as a first duty : " To protect the manufactures adapted to our circumstances."

In 1808, when England and France were at war, and each had prohibited all commerce with the other, and when each was searching all neutral vessels for contraband, the United States was so seriously interfered with that President Jefferson declared that :

" England was a den of pirates, and France a den of thieves."

The "cocky" young Republic lost its temper and

passed the "Embargo Act" of 1808, which prohibited all imports.

This was a nasty blow to both England and France, and greatly pleased the States until her cashiers incidentally reported that it had entirely shut off the Tariff money supply, and they awoke with a start, and repealed the law in less than a year from its enactment.

But it had planted good seeds which were destined to grow into splendid industries at a later date.

In 1812 the duties of 1789 were almost doubled, not for further "Protection," but for funds with which to carry on the second war with England, and thus blindly, and without foreseeing its "Protective" benefits, a further experimental step was forced upon the young Republic. A step which was destined not only to plant the seeds of many future manufacturing industries, but to open to the people a line of thought upon Political Economy which might make them value a Tariff not only as "Protective," but as an "international aggressive" weapon.

Now the country was not governed by one political party, but there were always two powerful parties, each hungry for office.

The Tariff Party began to develop its Tariff thoughts beyond practice into theory, and began to see visions, not only of a great home market, high wages, great wealth and happiness, but the control by glut of other markets.

The other party, who wanted office, began to develop their arguments against this Tariff, and sought the assistance of theory in preparing their campaign to re-enter control over the corpse of the Tariff.

Prosperity had been so abundant for some twenty-seven years, under the "Protective" Tariff, and

manufacturing had sprung up so generally in all lines, that people had lost their old fear of the foreign monopoly.

The population of the United States at this time was only about 8,000,000, and its chief industry was agriculture. The Southern States were all Slave States, and the planters had no wages to pay. Amongst these planters and farmers the "Free Trader" planted his microbe of discontent, arguing that the farmer was paying more for his purchases in order to benefit the Northern manufacturer, who, in turn, did nothing for the farmer. Thus in the polluted atmosphere of political trickery, and the illegitimate practice of slavery, were born all the stock arguments which are heard to-day against the local value of a "Protective" Tariff.

These politicians were successful in sowing dissension and splitting the new Republic up into the two great warring factions, "Consumers" and "Producers," when in reality each person in the country was and still is both.

The "Free Traders" finally got into power, and that was all they wanted.

In 1816 they repealed the "Protective" Tariffs and put on low Tariffs for revenue only. It is not difficult to imagine what the result was.

There was England, just at the close of a war with France, during which her commerce was paralysed, and she was barred from Continental markets, immediately after the "Embargo Act" had kept her for a year out of the American market, and also following a two years' war with the United States: consequently her factory warehouses were packed with merchandise which she must dispose of at once.

## 96 THE CURE FOR POVERTY

Now all at once the "juicy" United States market was thrown open, and she was invited to help herself, and, incidentally, pay her grudges against the young upstart industries of the States.

The English were quick enough to take advantage of the fact that the United States had passed a law of their own quite similar in practice to the law which they had fought against when the Mother Country endeavoured to force it on them a few years previously.

Great Britain literally poured her accumulated stocks of all sorts of merchandise into the United States, at far below their cost, and utterly demolished the manufactories of the United States.

Lord Brougham declared in the House of Commons in 1816 :—

"It is well worth while to incur a loss upon the first exportations, in order, by glut, to stifle in the cradle those infant manufactures in the United States which the war has forced into existence."

Bankruptcy soon became general in the United States, and financial ruin was everywhere. Benton gives the following picture of the period :—

"No price for property, no sales—except by the Sheriff—no purchasers, except the creditors, no demand for labour, no demand for farm products. Distress was the universal cry, and relief the universal demand."

Horace Greeley said of the conditions :—

"At the close of the second war with England peace found this country (America) dotted with furnaces and factories which had sprung up under the precarious shelter of embargo and war. These, not yet firmly established, found themselves suddenly exposed to a relentless and determined foreign competition. Great Britain poured

her fabrics far below cost upon our markets in a perfect deluge.

"Our manufactures went down like grass before the mower, and our agriculture and labour soon followed. Financial prostration was general, and the pressure of debt universal.

"In New England fully one-fourth of the property went through the Sheriff's mill, and the prostration was scarcely less general elsewhere.

"Leading merchants in 1817 united in a great memorial to Congress to save our commerce and manufactures from utter ruin by increasing the tariff duties."

Conditions became so terrible that the people arose in their might, and in 1824 succeeded in passing a new "Protective" Tariff far higher than any that had ever previously been tried.

This was the first time that the industry of the United States had ever valued a Tariff for its own commercial welfare.

All previous Tariffs were adopted by those who were not concerned with factory industry, and were demanded simply to free the country from the chance of having its supplies cut off by war, and the danger of extortionate prices at the will of the foreign maker.

Thus having enacted a policy of "Protection" in order to enable them to have a supply, they discovered in 1816, when they removed that protection, that it had not only given them home supplies, but that it had built up a home prosperity, and when it was removed the whole home business structure was utterly destroyed.

They found that when the foreigner destroyed the home manufacturer the effects were so far reaching that down went the home farmer, labourer, credit, and everything.

This, therefore, was when it was first learned that a prosperous home market was worth more than all the foreign markets, and that a "Protective" Tariff was the one system which made a prosperous home market. And from then onward a "Protective" Tariff has been regarded in America as principally valuable as a home-market maker: a "Consumption" capacity-maker more than a "Production" capacity-maker.

I once reprimanded an old negro "mammy" for beating her son, it seemed to me, too cruelly.

She turned indignantly upon me and asked: "Was you ever the daddy of a mulatto boy?" On my negative reply, she declared conclusively: "Then you all don't know what you are talkin' about!"

Now England has never had these valuable Tariff experiences, and her voters therefore are hard to educate on the question, because they can only be reached by talk and arguments.

The United States voter knows the subject, because he has, at times, been enjoying the greatest prosperity, highest wages, and, in fact, a perfect life, when all at once Congress removed the Tariff "dam" and let in the flood of goods from abroad, and—presto!—he was out of work and hungry, and it was natural that he should enquire and thoroughly discover what did it.

England, on the contrary, has never enjoyed good times in the American sense, doesn't know what she has missed, and her voters listen to predictions as to what would result from a "Protective" Tariff, and regard them as some Aladdin-lamp story, which is too good to be true.

Give the English labourer a taste of the results of a reasonable "Protective" Tariff, and then take it away from him, and he will turn at once into an in-

telligent Tariff "Stump speaker," just as the labourer did in the United States.

This first real "Protective" Tariff of 1824 was hailed with joy by all save the "Free Trade" politicians and their allied Press.

These predicted that all sorts of calamity and ruin would result, and warned the country of the awful conditions which must follow.

A leading article in the *New York Evening Post* (a leading "Free Trade" journal of the time) said :—

"Pass this tariff, and you palsy the nation. Pass it, and where will you any longer find occupants for your costly piles of stores and dwelling-houses? Pass it, and who will be exempt from its grinding operations?

"The poorer classes especially must feel its effect in paying an additional price for every article of clothing they wear, and every mouthful they eat or drink, save cold water, and to that will they ere long be reduced."

Not a pretty picture to contemplate, is it?

But it did not work out just like that. In fact, none of these things happened. Instead of "palsy" the nation trembled with energy let loose, all the American factories opened at once, labour was in great demand, no one was idle, wages went up rapidly, and millions of emigrants came and were also put to work.

Houses had to be built to house the busy millions, money was plentiful, soup-kitchens were turned into thriving market-places, and happiness, plenty, and content reigned abundantly on all sides.

This condition continued until 1833, when the barking, hungry politician and intriguer again secured control of Congress, not on a straight fight on Tariff, but as a compromise or "sop" to the politicians of the

## 100 THE CURE FOR POVERTY

Southern States, who were in almost open revolt against "Protection."

A large section of the United States at that time consisted of what was called "The South," in which slavery was permitted.

The people of the Southern States depended exclusively upon the products of their slaves for their prosperity.

Now black slaves cannot be made readily into skilled factory labourers, and therefore the South confined its industry to the cultivation of cotton, sugar-cane, rice, and other agricultural products, which, as a rule, could not be grown elsewhere, and therefore needed no protection.

Her labour, being slaves, had no vote and received no wages, therefore "Protection" could not help them, and they could not help "Protection."

Considering these things, it is not difficult to see that the Southerner did not want "Protection."

He objected to a Tariff forced on him for the benefit of the Northern manufacturer and paid labourers. And this was the strength which kept the "Free Trade" Party alive and made it possible for it to defeat the "Protective" Tariff in 1833.

The result of the repeal of the "Protective" Tariff was certain and instantaneous.

Bankruptcy again became general.

Factories again closed. Labour was unemployed, wages fell, and conditions went rapidly from bad to worse, finally culminating in the worst financial panic (1837) till that time experienced in the United States.

Some idea of the terrible conditions can be formed from Colton's "Life of Henry Clay" (Vol. I), which contains the following quotation :—

"The whole country went into liquidation, bank loans and discounts fell off more than one half.

"In some parts of Pennsylvania the people were obliged to divide banknotes into halves, quarters, eights, and so on, and agree from necessity to use them as money.

"The Sheriff of Muskingum County, Ohio, in the summer of 1842 sold at auction one four-horse waggon for \$5.50, ten hogs at six and one quarter cents each, two horses at \$2.00 each, two cows at \$1.00 each, and a barrel of sugar for \$1.50.

"In Pike County, Missouri, the Sheriff sold three horses at \$1.50 each, one large ox for twelve and a half cents, five cows, two steers, and one calf for \$3.25 the lot, twenty sheep at thirteen and a half cents each, twenty hogs at 25 cents each, and three stacks of hay at 25 cents per stack."

The people again took the bits in their teeth, and in 1842 passed another "Protective" Tariff over the Veto of President Tyler (a Southerner).

Business again began to boom. The old factories all opened and new ones started, labour was all employed and everywhere in great demand, wages advanced and farms found a ready market for their products.

This splendid condition lasted only four years, for the Southerner had secured control of the Democratic "Free Trade" Party, and the Southerner only wanted two things, viz. "Free Trade" and slavery, and he was determined to have both, no matter what trickery and intrigue he had to use to secure power, and thus was the fraudulent campaign of 1844 carried on and won by the "Free Traders," who again repealed the "Protective" Tariff in 1846.

President Polk, the successful candidate, carried on a double-faced campaign.

He was, privately, in the South, a declared advocate

of "Free Trade" and slavery extension, but he could not be elected by the South alone, but needed the support of the vote of the Northern State of Pennsylvania, which was strongly "Protectionist."

To fool the "Protection" voters of Pennsylvania, Polk wrote his notorious "Kane" letter, in which he managed to evade a definite declaration, but led all to suppose that he would not, if elected, allow the "Protective" Tariff of 1842 to be interfered with, and to make the deceit more complete he caused George M. Dallas, a resident of Pennsylvania, who professed to be an out-and-out "Protectionist," to be nominated as his Vice-President (a position of no power whatever, but possessing a deciding vote in the Lower House), and in this tricky way his "Free Trade" Party gained power.

This 1846 "Free Trade" Bill was strenuously opposed by the entire North, but the Bill was barely carried by the casting vote of that same George M. Dallas, who had professed himself an avowed "Protectionist."

It was in a speech, lasting three entire days, during this debate, that Daniel Webster coined the famous phrase, which is well worth remembering, "*Where there is Employment there will be Bread.*"

This phrase contains all the arguments necessary against "Free Trade" and in favour of "Protection."

By a series of utterly unforeseen coincidences this "Free Trade" law of 1846, while it seriously injured many industries, still, it did not precipitate an immediate panic as had all other similar previous measures.

First: The war between Mexico and the United States broke out, in April, 1846, and the United States were forced to raise and equip an army, and this put

over \$100,000,000 into home circulation amongst home manufacturers.

Second: There was the terrible famine in Ireland which drew heavily upon the products of American farms.

Third: Gold was discovered in California in 1849, and for ten years these new mines produced an annual average gold output of \$55,000,000, which furnished employment to hundreds of thousands, kept transport industries busy, greatly protected the supply of specie, and encouraged transcontinental railway construction.

Fourth: From 1848 to 1851 a series of violent revolutions broke out in Europe, which destroyed European industries and caused Europe to draw heavily upon the United States farmers for food products.

Fifth: The Crimean War broke out between England, France, and Italy on one side, and Russia on the other, which went far to destroy production in these countries, and again the farm orders poured into the United States for food and all other products.

In 1855, however, as soon as these unusual and unexpected influences ceased artificially to assist United States industry, then the natural and horrible effect of "Free Trade" made itself felt.

Foreign demand for products ceased, factories closed, labour was unemployed, farmers were unable to find a home or foreign market for their products.

Ruin was general, and President Buchanan, the last "Free Trade" President before the Civil War, said in his annual message to Congress:—

"With unsurpassed plenty in all the productions and all the elements of natural wealth our manufacturers have suspended: our public works are retarded: our private

enterprises are abandoned, and thousands of useful labourers are thrown out of employment and reduced to want. We have possessed all the elements of material wealth in rich abundance, and yet notwithstanding all these advantages, our country in its monetary interests is in a deplorable condition."

The South were not suffering—they were prosperous, for they grew the cotton of the world (and do yet), and they cultivated it with slaves who drew no wages, but the nation, her free labourers, and her manufacturers were bankrupt, and her credit as a nation destroyed.

The "Free Trade" Government had to borrow money for the expenses of the Government, and national credit had become so low that this money could only be secured at interest ranging from 8 per cent to 12 per cent.

During the low Walker Tariff (1846 to 1860) Europe drew from the United States £95,400,000 in gold, to pay the trade balances caused by the free and generous European imports.

This left the United States Treasury absolutely stripped of gold, in spite of the marvellous production of £110,000,000 of California gold during the previous ten years.

No more "tricks" and no more "chance" good times, which depended upon foreign wars and famines, would satisfy the American voter. He wanted the old-time sure thing, home-made, "Protection" prosperity, which worked steadily straight through, and depended upon nothing but his own efforts for its perfect result, and in 1860 the Republicans again came into power, and at once enacted a fine new "Protection" Tariff wall round the boundaries.

How did the Southern man take his beating ? Did he say, " Very well, I must take my medicine as the Northern man took his " ?

Not he ! He at once declared that if he could not have his own way, and have laws good for him in his slavery industry, he would upset the whole cart, break up the United States, secede from the Union, and start a United States of his own.

The Government had been in the hands of the Southern " Free Trader " right up to 1861, and as soon as these slavery " Free Trade " leaders saw defeat staring them in the face they secretly planned to have the eleven Southern States secede from the Union and form the Confederate States of America, a government founded in slavery and baptised in " Free Trade," with no one amongst them to suffer from " Free Trade."

To simplify their plans and demoralise any opposition, they sent the Federal navy scattering all over the world on various errands, so that it could not readily be collected and aimed against them. They robbed the national treasury of its specie and sent it into the South ; they dismantled the forts and removed the guns and ammunition to Southern forts ; and scattered treason throughout the Southern-born officers and men in army and navy, and then seceded and formed the Confederate States of America.

The Constitution of the new Confederate States of America contained the following clause :—

" Nor shall any duties or taxes on importations from foreign nations be laid to promote or foster any branch of industry."

War was declared in 1861, and fought bitterly simply

## 106 THE CURE FOR POVERTY

and solely on the question of "Free Trade." The slavery question did not enter into the war until eighteen months after it had begun.

On September 22, 1862, President Lincoln issued a preliminary proclamation, threatening that unless the revolted States returned to their allegiance by the first day of the following January, the slaves would be declared free.

This had no effect, and the emancipation proclamation was issued on January 1, 1863.

Never in history, before or since, has there been such a terrible civil war fought.

The North furnished 2,859,132 of her best citizens for the army, and over 300,000 of them were buried in soldiers' graves in the South, and over a million more were crippled for life, while the South supplied another enormous army, which was largely destroyed or mutilated. The nation paid an average of \$2,000,000 in money and 300 lives per day for four consecutive years, and the South was absolutely ruined.

Her money was exhausted, her property was burned and destroyed, her slaves were freed and unemployed, and her best white citizens dead or maimed, land was out of cultivation, and the country was a barren waste.

All for what? Simply because the free-born white labourer of the United States was determined to have a "Protective" Tariff which would give him a right to do his own work for a reasonable wage, and would give his children a right to compete with honest, equal home citizens, and not with the underfed and underpaid peoples of other nations.

Thus we see that after the Americans had tasted the happiness and comforts of a "Protective" Tariff they were not only willing to vote for it, but were

willing to fight the bloodiest war in all time for it, and they did.

On the other hand, we see the free-born English labourer absolutely refusing to vote for it when he could secure it by so doing.

If he had a taste of it once, he would not only vote for its continuance, but, like the American, he would have it if he had to fight for it.

Now let us see what happened to the States. Was "Protection" worth to posterity what it cost in this war?

In 1865, when the war was over, conditions were naturally in a deplorable state.

The National Debt had reached \$2,844,649,626.

Over four million freed slaves were dumped on the labour market by the stroke of a pen.

The South was a desolate waste.

Over a million and a half of the North's best workers and employers were either dead or were crippled and had to be supported.

There was no money in circulation. Farms were deserted, factories closed, horses destroyed, flocks depleted, and production stopped.

The Southern soldier, with characteristic grit, returned to his plantation and arranged a wage approximately equal to the previous cost of feeding his "nigger," and began to cultivate his cotton and repair his estate.

The Northern soldier returned to his farm and factory, and took up the interrupted routine of his previous production, and in a few years, "Protected" as he was by his Tariff breastwork, progress again began to be visible, and it grew constantly without a "Free Trade" check until 1892.

The population has grown from 31,000,000 in 1860 to 93,000,000 (300 per cent) in 1910.

Capital gained an average of \$1,500,000,000 per year for thirty consecutive years, and in 1890 reached the enormous total of \$70,000,000,000.

Land in both the North and the South, instead of being ruined, to-day has an annual *rental value* equal to its *selling price* in 1860.

The Northern farmer to-day has no mortgage, and travels to market in his motor-car.

The Southern planter of to-day packs the paths of European pleasure travel.

The Western bank deposits furnish the solid backing of the New York Clearing House.

The banking turnover in New York State alone is £4,000,000,000 greater than that of combined Great Britain.

The American home market consumes in value three times the whole combined international trade of the rest of the world.

Wages in the United States are two and a third times as great as those of any other nation, vulgar millionaires are produced in dozen lots, and the whole country is regarded as amazingly, indecently, and dangerously prosperous.

Ask yourself, did the result justify the terrible sacrifice?

Would it not have been better to have secured the same "Protection" by ballots instead of bullets?

The workers and voters of Great Britain do not even seem to care to use the ballot to secure the same boon.

Now, the "Free Trader" did not die in the war. He is a politician, and politicians do not die.

I am inclined to think that you in England take your politicians too seriously and expect too much from them.

We have learned to regard politics as a game in the States, and we know we can only get statesmen-like reforms by having our electorate demand them.

You, on the other hand, are inclined to condemn your politicians because they are "tricky," while you should learn to expect nothing else without unusual pressure.

I remember sitting in a gambling-house in a pioneer town in Montana once, watching a game of poker.

I whispered to a man in the game, advising him that one of the other men was cheating, whereupon my friend turned on me in surprise, with the comment:

"Cheating? Of course he's cheating! Why shouldn't he? It's his deal!"

No, the "Free Trader" is, and always had been, very much alive in the United States.

He remained constantly at the heels of the Republican Government, snapping and snarling, watching for mistakes, seeking new chances to get into office under any pretext, crying to the farmer that he was paying too much for his goods in order to benefit the manufacturer, shouting to the labourer that his food (from the farmer) was too dear because of a Tariff which only benefited the rich "Trusts" and employers, until in 1884 the "Free Traders" succeeded in electing Grover Cleveland, a Democratic "Free Trader," as President.

Although a "Free Trade" President had been elected, he was unable to interfere with the Tariff because both the Houses of Legislation remained in the control of the "Protectionists," so that "Free

Trade" was unable to damage American industry during this term.

In 1893, however, the "Free Trade" Democrats were again successful, and not only re-elected President Cleveland, but soon afterwards secured the necessary control of legislation, and proceeded to repeal the McKinley Tariff.

The people, intoxicated with plenty, were carelessly reckless and criminally curious. They wondered what "Free Trade" really would do for them, and they tried it, and like the pup which was curious to know the contents of the electric "third rail" on the Underground, and put his nose to it to find out, they were instantly filled with information, for business was electrocuted, and bankruptcy and suffering enthroned in its place.

Congress at once began to frame their so-called "Free Trade" Bill.

To those "Cobdenites" who think that even then there were any "Free Traders," even in the "Free Trade" political party of the United States, a description of the drafting of this "Free Trade" Bill of 1893 will be interesting, instructive, and, I believe, amusing.

There is, by the way, a law—and a very good law, too, I might add—which requires each candidate for either House of Legislature in the United States to reside within his constituency for a certain period before he is eligible for election.

This law makes it likely that a representative will understand the needs of his constituents, and it also gives them an opportunity of knowing his good and bad qualifications intimately. This law also makes it certain that a member will be careful to voice the desires of a majority of his constituents, or that

majority will carefully tuck him away amongst their political "discards" on his next appeal to them.

In other words, he could not be rejected by the voters in North-West Manchester and be returned a fortnight later from Dundee.

Now this useful little law was the thorn in the side of the jobbing political "Free Trader" who controlled legislation in 1893.

When they began to draw up this ideal "Free Trade" Bill up jumped the noble "Free Trader" from Rochester (where they make all the collars and cuffs), and, after eulogising the Cobden theory of international brotherly love and unbusiness-like nobleness, he declared that he favoured "Free Trade" on everything but collars and cuffs, but that *his* constituents must have "Protection" on these articles.

Then a member from Pittsburg sprang up and declared that he would not vote for the Bill unless coal and steel were "Protected."

He was followed by a perfect host of other *genuine* "Free Traders," who represented various farming sections all over the States. And, after finally being reduced to order, they recited in chorus a demand that Canadian farm products be barred, and so it was throughout the list, and it was found that there was not one single, solitary "Free Trader" in the House who would stand for "Free Trade" in his own constituency, but all were enthusiastic believers in "Free Trade" if it were applied only to the other fellow.

The result was that when the Bill was finally finished it was not a "Free Trade" Bill at all. It was the Wilson Tariff Bill, and it passed both Houses, and went up to "Free Trade" President Cleveland for his signature, and he *vetoed* it, because, as he said, it was

a Tariff Bill, and he was elected by the people on a "Free Trade" platform.

Grover Cleveland was the only "Free Trader" in his party, and, when criticised, he replied with his famous retort: "I am a Democrat," which, by inference, has always been taken by every American to mean a declaration that there were no others.

This honest act of Grover Cleveland, in sticking to a principle he believed the people wanted, was exactly and precisely equivalent to political suicide, and seldom again was he ever heard of, except when he was fishing or duck-shooting, and when he died.

These "Free Trade" members of both houses, however, proceeded to pass the Wilson Tariff Bill over the veto of their leader, and it became law August 27, 1894.

Right here let us note the curious change which had, since 1860, come over the rabid "Free Trader" of the South, who, in 1860, was anxiously willing to die in the cause of "Free Trade" for the South.

On September 7, 1894, a great "call" went out, signed by the leading Democrats of the State of Louisiana, convening an enormous mass-meeting of Democratic "Free Traders" at New Orleans on September 17, in order to protect themselves against the threat of their fellow-Democrats in the Legislature to remove the duty on sugar, and this great convention of Southern planters pledged themselves then and there to the cause of "Protection" on *their* products.

The speeches on this occasion, as well as the wording of the circulars which convened the meeting, were as inflammatory in their demand for "Protection" as they had been against it at the outbreak of the war.

The Wilson Tariff was not a "Free Trade" Bill, but it considerably reduced the Tariffs and put some articles of general importance on the free list.

At this time the United States was dotted with sawmills, scattered all over the North, West, and South, and not only were those mills employing hundreds of thousands of labourers and turning hundreds of millions of dollars' worth of forest into money, but they were clearing great tracts of splendid farm lands, and therefore, in addition to furnishing enormous work to the railways and carrying concerns, they were furnishing even greater benefits of the same sort to posterity, who would, in the future, farm those fertile lands and ship their products.

Logging conditions in the wet, muddy swamps of the South and South-West were bad and expensive.

While six horses were required to haul one good saw-log in Louisiana, one pair of horses could bring in twenty equal logs on a sled on the Canadian snows.

The Canadian mill was also some fifteen hundred miles nearer to the valuable Eastern United States market than was the average United States mill, and was, therefore, favoured with about one-half the freight charges.

It is therefore easy to understand why, when the Wilson Tariff Bill of 1894 let the Canadian timber freely into the United States markets, almost all the sawmills in the United States closed up, and hundreds of thousands of mill labourers were thrown out of work. The United States railways no longer had any timber to haul, and consequently they reduced their staffs, and threw many thousands more out of work, but the Canadian railways did very well.

Owners of United States timber lands became poor,

and could neither sell their land nor put it into cultivation.

Makers of United States milling machinery dismissed thousands of employés, which affected the iron, steel, coal, and many other industries.

In October, 1913, the new United States Tariff Bill was signed letting Canadian timber again in free, and on December 17, 1913, Mr. Redfield, the United States Secretary of Commerce, received a letter from Congressman Humphrey, of the State of Washington, stating that 194 sawmills in that State had been shut down, throwing 15,000 men out of work.

In January, 1914, one of the biggest timber concerns of Florida filed a petition in bankruptcy with liabilities of £600,000.

So that history is simply repeating itself, and free timber is paralysing the American sawmills from Washington to Florida.

We only have to wait for the usual and inevitable panic to follow Tariff tinkering.

In fact, in this one "Free Trade" article (timber) alone an amazing and serious blow was delivered to United States industry, and its ill-effect was felt by all industries, even down to general wages.

Yet that Wilson Tariff was enormously larger than the Tariff which your Unionist Party seeks to secure for the United Kingdom.

This Wilson low Tariff for revenue only lasted until the very first election after its adoption, or, in other words, until the first chance the voters had to take a good "smash" at it, and down it went in a miserable dead mass, buried in the biggest majority of hostile votes ever recorded, and the "Protectionist" Republicans were again returned to power in both houses,

and proceeded instanter to apply the Dingley "Protective" Tariff.

But the damage had already again been done.

The Wilson "Free Trade" Tariff was passed when the prosperity of the States had reached its very zenith, and it caused an appalling panic even before its enactment.

In 1892, when the Democrats were elected, everyone knew that they were pledged to destroy the "Protective" value of the Tariff as soon as possible after they were inaugurated, in March, 1893, and this anticipation absolutely destroyed all commercial and financial confidence even before the Bill was actually passed, in August, 1894 (over twenty-one months after the "Free Traders" were elected).

Banks, anticipating industrial depression, refused to advance further cash to home industries.

Manufacturers shortened their staffs and hastened to clear out their warehouses of stock; buyers ceased to order stocks from home producers for future use, knowing that they would soon be able to buy it cheaper abroad. And this resulted in a very severe and painful condition, even before the passing of the measure.

During the three or four years this Wilson Tariff lasted, the utmost damage was done to American industry.

Half the factories were closed, and the remainder ran at very much shortened capacities; millions of men were thrown out of employment; wages dropped to any price which would buy bread for starving families, Coxey's army (the largest army of unemployed in history) marched from the State of Ohio to the capital to demand some legislation that

would enable them to find work and feed their starving families ; soup-kitchens sprang up everywhere, and never in the history of the States were charitable benefactors more in demand or as severely tried and heavily drawn upon.

Samuel Gompers, President of the American Labour Federation, reported that 3,000,000 men were out of work, and estimated that the loss of wages during the four years exceeded \$9,000,000,000.

This loss to the labourers of the United States under four years of "Free Trade" was *equal to all the gold and silver in the world.*

General business fell 47 per cent, or \$64,000,000,000, wages fell 69 per cent, labour dropped 61 per cent, and manufacturing decreased by 44 per cent.

The Savings Bank deposits (almost entirely labour savings) fell off in fourteen months \$53,000,000.

With an increased population the average *per capita* consumption of wheat fell from 5.91 bushels to 2.41 bushels, proving that the people did not eat one-half as much bread, and proving also that the farmers' home market in a greater population was only one-half as great when the factory men were not prosperous.

The loss to the farmer during this time was \$30,000,000,000.

The *New York World* of March 13, 1894, contains a picture of the millionth loaf of bread which charity had that day fed to the starving in New York City.

Thus we see again that the removal of Tariff "Protection" demolished industry and set the country back years in its advancement.

We also see that it sickened the voter with "Free Trade," and again caused him to stampede to the

support of the Republicans and "Protection" in the election of 1896.

In the campaign of 1896 the "Protectionist" Republican politicians promised the voters that the "Protective" Tariff which they would at once enact, when they were returned to power, would cure all these evils, keep out ruinous foreign competition, open up the home factories, furnish employment to all, restore wages to their old splendid standard, give the farmer a good market at fair prices for all his produce, and again restore confidence, credit, and bountiful plenty.

The "Free Trade" Democratic politician warned the voters that they would have to pay more for their food and clothes, that the consumer would pay the duties, that a high Tariff was simply a "trick" of the "Trusts" and money kings to secure a monopoly of the market, and that ruin must result from such a Tariff, and they spared no effort to establish "class hatred" in the minds of the hungry masses, but the American voter simply smiled and said it reminded him of a Russian wolf story which a shoe-salesman had told him.

He was riding along a lonely Russian road on a cold, snowy day, when he was attacked by a hundred hungry wolves. When they got too close he shot some of them, and the pack stopped to devour their dead comrades, and he thus got another start. This was kept up until at last there was only one lone wolf in the chase.

"Hold on," said the American voter, "do you mean to say that that wolf chased you after the whole pack was inside him?"

The salesman hesitated, and then admitted reluctantly :

"Well, come to remember, he did wobble a bit."

What happened? Who was right?

The Dingley "Protective" Tariff went into effect July 24, 1897, and business simply "boomed."

Employment increased twice as rapidly as population, and wages twice as rapidly as employment.

In one year there were a million and a quarter immigrants who arrived in the States in search of work at any price, and yet wages continually went up.

This flow of immigrants will startle us when we stop to think that it represented an influx of foreign workers almost equal, in one year, to the entire membership of all British Trades Unions, and nearly six times as large as the whole of the British regular army.

Yet the rate of wages did not decline. The great and growing industrial prosperity and activity "lapped" up those six armies and hungrily called for more, which they have ceaselessly continued to receive and utilise, until they have, since their first "Protective" Tariff, welcomed and put to work the amazing total of over 30,000,000, which equals two-thirds of the whole population of the British Isles. Yet wages, even under this ponderous hammering, have continued steadily to rise, until they are now more than twice as high as those of any other nation in the world.

Under the Dingley Tariff wages increased over £15,000,000 in one year; farm values increased £6,000,000,000 in nine years, and labourers' Savings Bank deposits doubled in seven years.

A list of other quite important benefits might be continued to a wearying length, but could only prove what must be obvious to every reasonable voter in the world, namely, that under a "Protective" Tariff the industry of the United States has prospered until in

1912 her competition—even in the markets of the Far East—is a serious menace to the products of the cheaper and nearer labour of Europe.

Her home market is more than twice as valuable (*per capita*) as any other home market in the world.

Her National Credit equals that of any other nation; her people are the most contented and best nourished people in the world, and the centre of the world's wealth has moved rapidly and steadily towards America.

I wonder if it is a coincidence that the American's *per capita purchasing capacity* and *earning capacity* are each just about two and one-third times that of any other nation?

At this time something remarkable happens.

At the very pinnacle of this American prosperity, when her merchants are floundering in wealth and her labour is fully employed at wages far above the wildest dreams of European or Asiatic labour, we see party politics enter the commercial arena.

The Democrats, still hungry for power at any price, and ever alertly watching for Republican errors and weaknesses, enter the General Election of 1912 with the same old cries against a Tariff, and point out that labour is paying too much for bread, meat, cotton and wool clothes, and boots, and that great companies and cruel combinations have arisen—under a Tariff—and thus they arouse the same old “class hatred” questions.

On a fair and open fight on this question they would not have had a chance of victory, for the American voter had been blistered too severely and too often to be again beguiled into believing that “Free Trade” would enable him to both eat and have his cake.

The farmer knows that if bread and meat go down in price, it must mean that his beef, hogs, sheep, and wheat must go down, and that if free wool brings cheaper cloth, it must mean that his wool will sell at a lower price.

The planter knows that cheap cotton goods will mean a lessened demand at home for his cotton, and a lessened demand means a lowered price.

The labourer knows that when foreign goods come in, at no matter what price, it means that his work of making them has been done by some labourer abroad, and he is content, therefore, to pay fair prices to his brother home-worker, so long as it enables them all to draw steady wages more than double those of foreign labourers.

He has proved that Daniel Webster was right when he said : "Where there is Employment there will be Bread."

Now a peculiar political condition had arisen in America of late, and a younger set of Republicans, calling themselves "Progressives," had banded themselves together and were advocating more modern and less mechanical Government.

They wanted to destroy the "Machine Politics," and place certain elections in the direct hands of the people.

They wanted to destroy in a measure the "spoils" system and purify statecraft.

These "Progressives" strongly advocated the election of ex-President Theodore Roosevelt, that fearless, tireless, unfixable, untarnished advocate of honesty and radical frankness, but the "old-time," well-organised "machine men" favoured the re-election of President Taft.

The great Republican Convention in Chicago was composed of delegates from all districts.

These delegates were elected by the primary votes of the people of their respective districts, and while some were sent to the great nominating convention as free-lances, to vote as they saw fit, still many of them were sent *instructed* and bound to the candidate favoured by their primaries.

The politicians at once began to figure out how many votes their respective candidates might depend upon, and it was found by the *machine* politicians that the personal popularity of Roosevelt was such that he had secured too many instructed delegates to enable the machine candidate to win. Something had to be done, therefore, and they forthwith secured other delegates from many of these Roosevelt districts to claim the right to represent these districts.

The machine appointed a Committee of credentials from among themselves to decide upon which delegates should be recognised as the Party delegates, and the result was so bold and defiant, and so fully demonstrated the ability of machine politics to reverse the decisions of the people at will, that it inflamed and disgusted the whole country.

The machine Committee simply threw out the whole of the Roosevelt delegates and seated their own "machine-made" men, and with these votes they proceeded to nominate their own candidate.

Roosevelt and his following of able, honest, and determined young Republicans simply started another party, which drew so heavily from the Republican ranks that he polled over a million more votes than did Taft, the machine candidate.

The combined vote of the two factions of the Tariff

or Republican Parties was overwhelmingly greater than the vote received by the victorious "Free Trade" or Democratic Party, but neither faction had sufficient votes to elect their nominees, and this enabled the Democrats to secure control of both Houses of Legislation, and the people will now secure the low Tariff which is much dreaded by the great majority.

President Wilson, the present "Free Trade" President of the United States, was inaugurated on March 4, 1913, and proceeded to call a special session of Congress hastily to revise the Tariff and destroy much of its "Protective" usefulness.

In looking back over the instant distress which previously always followed just such Fiscal changes, one must wonder that any party, anxious to retain the power they have at last secured, would be willing to nail their flag to a measure which was so sure to destroy them in its early reaction. Their action must surely—like a man's third marriage—be "the triumph of hope over experience," or they must be clinging to a hope that the Republicans will remain helplessly split, even through the next election of 1916.

Now what *can* happen to the American farmer when the boundless, cheap, Canadian wheat is dumped into the American market, in competition with his wheat, grown on high-priced land, with high-priced labour?

What must be the result to the American wool-grower, who finds cheap Australian wool poured into his markets?

He must simply slaughter his sheep, get into some other business, and let the foreigner take the wool market.

The wool-raiser cannot, and will not, last four years,

and therefore, before relief comes, the flocks will be exterminated, and the foreigner will then continue to control the market, even after Tariff relief is applied, and will keep this control until sufficient years go by to build up again the required numerical strength of the American flocks.

When wool was made free in 1893, the price to the American farmer fell from twenty-five cents to ten cents per pound.

The price of sheep dropped from \$2.50 per head to \$1.70.

Imports of wool rose from \$13,262,512 in 1894 to \$33,616,159 in 1895 under "Free Trade."

The number of sheep in the United States fell 6,638,882 head.

It will be certain that under "Free Trade" the American farmer will not buy motor-cars or any other home-made luxuries, and when this happens there is at least one great automobile factory which now makes 200,000 cheap American cars per year which will have to close up, and the thousands of labourers who are engaged in making those cars will wonder what did it.

And you may trust them to find out before the next election.

If Canadian timber is admitted free into the United States, it is absolutely certain that at least 50 per cent of the American sawmills will be unable to keep going.

The amusing part of the whole campaign is the fact that these "Free Traders" always cry out against a Tariff which benefits the moneyed man and manufacturing "Trusts" and combines, and then calmly proceed to declare "Free Trade" on wool, meat,

wheat, sugar, and timber, which are all farm products, and have nothing at all to do with "Trusts" and factories.

Ask yourself: "Do politicians seek the welfare of their country or the votes of their countrymen?"

What effect will this United States "Free Trade" Tariff Bill of 1913 have on English welfare?

At the present its effect is serious.

The poor, downtrodden, ill-paid and out-of-work English labourer is in a quandary.

The English "Free Trade" politicians and papers are jubilant, and cry out in triumph that at last the Americans have stood the terrible burdens of high Tariffs long enough, and are casting away the "cross" of "Protection," and approaching the perfect Fiscal system of Great Britain.

They say that the cost of living is so great in the States that the labourer will not stand it any longer.

The poor bewildered British voter does not know whether he wants a Tariff or not, since the Americans have tried it, and seem to be discarding it.

The Unionist speakers, already too weak-kneed and ignorant on the question of Tariff to press the issue, are now stopped, and they, too, begin to question its value as a vote-getter. Let me declare to them that the destruction of the American "Protective" Tariff by the new Underwood Bill will cause so much commercial distress in the United States within two years that it will make the best Tariff argument ever used in England, and my earnest advice to the English friends of the Tariff is to press the subject harder than ever, and draw the individual attention of all the voters to the present American Tariff tests, in order that they may watch the thermometer of American

industry and wait patiently and optimistically for the jury's verdict.

That verdict is bound to be an indisputable condemnation of "Protection" tinkering, and the early effects will prove without a doubt the past usefulness of "Protection" and the ever-present danger when it is removed.

Let us see what has already happened since the Democratic Free Traders got control of the U.S. Government.

The November issue of the *Bankers' Magazine* declared that 387 leading securities had fallen £56,000,000 in value.

Fifteen leading railway and industrial issues had fallen \$623,000,000, or 17 per cent, to December, 1913, and the total share shrinkage runs into billions. 250,000 men were discharged by leading railroad and industrial concerns, and 194 sawmills shut down in Washington alone, throwing 15,000 men out of employment.

In fact, unemployment has become so terrible that President Wilson on December 17, 1913, appointed a National Committee to look into it.

Great banks and mercantile houses such as a huge string of department stores, a great Florida timber house, a great Pittsburg banking house, etc. etc., are failing weekly.

In fact, commercial failures in September, 1913, were up 40 per cent on September, 1912.

Bank clearings for September were off 15 per cent, loans increased \$8,000,000, surplus reserve fell \$7,349,000, and the banks are trembling and tightening credits all over the country.

The bonded warehouses dumped \$100,000,000 worth

of imports the morning after the new Tariff was signed, and yet the November customs' receipts were off \$4,500,000, or at the rate of 50 millions per year.

November disbursements exceeded receipts by \$2,713,732.

In fact, everything is ripe for the same old Free Trade panic they always had, and I fancy that as soon as the Wall Street crowd secure the rise in railway rates they want, they will withdraw their present support from the market and down will go the whole United States industrial structure in a tumbled mass of frightful panic.

An old horse-breeder once complained to me that one of his best horses simply could not be cured of jumping out of his pasture and annoying the neighbours.

"Why," he declared, "that horse would jump a ten-wire fence to get out of a knee-deep clover field into a stone quarry!" And I am inclined to think that the American voters who voted for the present Free Trade Party in the States had dispositions like that horse.

## CHAPTER V

### WHAT IS “FREE TRADE”?

“**M**EDICINE,” once said a small boy, “is stuff in a bottle, that makes you careful not to catch cold again.”

And “Free Trade” may be regarded as a “Fiscal Policy that makes political parties careful not to advocate it again,” whenever both systems have once been tried.

An American Indian once declared that “smoking was a great help to laziness,” and this suggests that “Free Trade” might be regarded as “a great help to unemployment.”

The term “Free Trade” is seldom understood, and always misapplied.

*“Free Trade” is the unfettered and absolutely free right of every person both to BUY and to SELL in any market in which he can do the best.*

Such a thing does not exist amongst the peoples of any two nations in the world, and I doubt if it ever has existed.

Properly to carry in mind the subject of “Free Trade” one must never cease to keep it divided clearly into two separate and distinct parts:—

1. The free right to BUY.
2. The free right to SELL.

Practically every man of every nation has, and

always will have, the free right to **BUY** in any market he desires, provided he is willing to pay the price, but in these days of Tariffs few nations have the free right to **SELL** in any other than their home markets.

We must also keep well in mind that the Parliament of no nation can pass laws which it can enforce in other nations. The present tendency of legislatures of all countries is to pass laws against the free right of other peoples to **SELL** in their market, but no tendency to pass laws forbidding other peoples to **BUY** in their markets is yet visible.

For instance, it is difficult to imagine Germany declaring war against Great Britain in order to force the latter nation to permit the former to **BUY** British products, but it is not half so difficult to imagine Germany waging that same war in order to secure the free right to **SELL** German products in British territory.

Thus we can eliminate the first half of the "Free Trade" question, and conclude that the whole "Free Trade" controversy is solely and simply over the *free right to SELL*. Not the free right to sell in the territory which you control, and for which you make and enforce laws, but the free right to sell in markets *which you do not control*, and in the making of whose laws you have not the slightest possible voice.

If this is true, then why talk about home-made "Free Trade" laws?

We cannot possibly get the free right to sell abroad unless and until we have the consent of the people and law-makers of that other market.

And we must concede that that cannot be secured by law, but if secured, it must be by diplomacy and negotiation.

Now the commerce of each nation in this age is

competing with that of other nations, and no nation is going voluntarily to send its orders to a competing nation any more than one cigar merchant will deliberately send his customers to his next-door competitor, unless he has a good, reasonable inducement for so doing.

You are trying that now, and you find that while Great Britain has, since 1846, persisted in inviting other nations freely to help themselves to the British selling market, yet not one of those nations has returned the compliment or courtesy.

There is no inducement, and until there is, there will be no concessions.

There are only two ways of securing the free right to sell outside our home market :—

1. Capture the other country by war, or
2. Put a high Tariff round the home market, and then trade the right to sell *this* for the right to sell *that*.

There can be, then, only two weapons with which to enlarge your selling market. War, and a Tariff of your own.

## CHAPTER VI

### WHAT IS A "TARIFF"?

**A** "TARIFF" is a system of duties imposed by a country upon goods imported into or exported from that country.

An export duty is seldom levied by any country except as a measure to conserve limited supplies of some article which is in danger of being exhausted, or for the purpose of raising revenue.

In the former case it is sometimes a very useful and sensible proceeding, but in the latter case it is obvious that it must work a hardship upon home producers by placing them under a disadvantage in the selling markets abroad, making the shipper pay this export duty in addition to the import duties levied by the foreign countries to which his goods are consigned.

Import "Tariffs" are of two general kinds, i.e. :—

1. A "Free Trade" Tariff."
2. A "Protective" Tariff.

A "Free Trade" Tariff is a low Tariff levied for the single purpose of raising revenue for the expenses of the Government, and these duties are usually placed upon such articles as are absolute necessities to the home consumer, but which cannot be produced by the home producer.

This variety of article is selected in order that the total duties collected may always remain normal.

If duties were placed upon an article which could be either dispensed with or made at home, then if the duties raised the price sufficiently the people might either cease using the article or begin to produce it inside the Tariff boundary, in either of which cases the duty collection would either diminish or cease altogether.

For instance, I remember a Western American town which enacted such a heavy liquor licence that whisky became so expensive that all the citizens took to tobacco-chewing instead, and the revenue ceased.

England is called a "Free Trade" country because she has one of these "Free Trade" Tariffs for revenue only.

In 1912-13 the Government of the United Kingdom collected £72,000,000 in "Free Trade" duties, divided into £34,000,000 from Customs and £38,000,000 from Excise duties.

The Customs collections were divided roughly as follows :—

	£
Tea . . . . .	6,000,000
Sugar . . . . .	3,000,000
Tobacco . . . . .	17,000,000
Spirits . . . . .	4,000,000
Wine . . . . .	1,000,000
Cocoa and coffee . . . . .	600,000

All of these products came from abroad and could not be produced in the United Kingdom.

Such duties are always paid by the home consumer, simply because the foreigner who imports them, knowing that the home people cannot produce them, and must have them, raises the price to cover the duty,

and continues to sell, making exactly the same profit as he did before the duty was exacted.

The Excise duties collected were divided roughly as follows :—

	£
Beer . . . . .	14,000,000
Spirits . . . . .	18,000,000
Liquor licences . . . . .	5,000,000
Other licences . . . . .	1,000,000

These duties are placed on goods produced within the Tariff boundaries, but are permissible because they are not a burden which the people are obliged to carry, for by ceasing to drink intoxicants they would cease to pay most of the duties.

The Government might also place "Free Trade" duties upon almost all the other articles imported, and thus raise large sums of money, and still such duties might be so low as to provide no protection to the home producer, and they also would therefore be classed as "Free Trade" duties.

*A "PROTECTIVE" Tariff is a system of high duties on such articles as ARE or COULD be overproduced at home.*

A "Protective" Tariff not only provides a larger revenue than a "Free Trade" Tariff, but it is so arranged that the duties are collected on foreign articles which directly compete with home industries.

The United States "Protective" Tariff is the most complete system in use at present by any country, and it is designed about as follows :—

In selecting the list of articles to be taxed the United States asks first, "Do we produce this article at home in quantities equal to the home demand?"

" If not, could we ? " " Is there any climatic or other reason why we could not learn to do so ? "

If the article is not, or could not be so produced, then it is put on the free list without any further discussion, because the American knows that any duty placed on such article must be paid by the home consumer.

Now the United States, for natural reasons, could never expect to produce coffee, tea, or cocoa, and therefore these articles are free of duty in America ; while, on the other hand, when the McKinley Tariff was framed in 1890 it was found, for instance, that the United States imported from Great Britain some 340,000 tons of tin-plate per year and did not manufacture any.

The Government, after a thorough investigation, concluded that there was no reason why tin-plate should not be made in America, and they forthwith placed a duty of 2·2 cents per pound on tin-plate.

Tin-plate was then selling in the United States at 3 cents per lb., and when the Tariff of 2·2 cents made it possible for home producers to sell it for 5·2 cents per lb., the capitalists put up tin-plate mills all over the country. They became so numerous and competed so strongly amongst themselves that they soon pressed the price down to 2·8 cents per lb., and they now produce more tin-plate than any other nation in the world, and in 1911 they used up over £8,000,000 worth of raw tin.

In this case the " Protective " Tariff actually forced into existence an entirely new industry which now furnishes work for thousands of men and uses up great quantities of iron, coal, etc., which furnishes further

wages, practically all of which was formerly enjoyed by the British workman.

Another similar case was that of soda-ash.

Prior to 1884 no soda-ash was made in the United States, and they imported 175,000 tons per year, and the price was \$48 per ton.

The Americans were therefore paying to foreign producers £1,680,000 per year for this one article, much to the advantage of those foreign countries.

Congress put a duty of \$5 per ton on soda-ash, and home producers began to get into the soda-ash business, until home competition soon drove the price down to \$28 per ton.

Without home competition the foreigner was charging an excessive price for this article, but the "Protective" Tariff not only forced prices down to their fair level and thereby saved the consumers \$3,900,000 per year, but it forced into existence an entirely new and prosperous home industry which paid \$800,000 per year in wages, and consumed 70,000 tons of home coal, 100,000 tons of home limestone, 10,000 tons of home coke, and 100,000 tons of home salt, all of which benefits had previously been enjoyed by foreign peoples.

This little Tariff did not cost the Americans one farthing, and it produced tremendous benefits all around.

A "Protective" Tariff is meant to encourage and foster home industries and protect them from foreign products which might be produced for less than a fair price by the use of slave, convict, or ill-paid labour, but such protection may also sometimes take the nature of a bounty.

A bounty is a reward or premium paid by the

Government to the home producer of some article in order to give him an advantage over his foreign competitor, which will enable him to compete with the foreigner without forcing him to pay the low wages paid by the foreigner.

In 1890, when the McKinley Tariff was being drawn, it was found that a duty of 2 cents per lb. was being collected on imported sugar, and that home producers were only making one-eighth of the sugar consumed in America.

Now with a home demand eight times as large as the home supply, such a duty was undoubtedly added to the price of sugar to the consumer.

The amount collected for duties on sugar amounted to the total of \$55,000,000 per year, which sum was therefore being paid by American consumers.

The problem was, how to encourage the home sugar industry and still save the people from this enormous indirect tax.

The Government simply made sugar free of duty, thus saving the people \$55,000,000 per year, but at the same time a bounty of 2 cents per lb. was granted to home producers of beet sugar. This bounty amounted to only \$7,000,000 per year.

This gave the home grower the same 2-cent advantage over the foreign grower, and therefore resulted in a nett saving to sugar users of \$48,000,000 per year, or nearly \$1,000,000 per week.

The United States production of sugar at once increased, until in 1902 she produced 67 per cent of all the sugar in the world, in spite of the fact that the world's demand for sugar is ten times as great as it was in 1840, and is constantly increasing.

In 1850 the *per capita* consumption of sugar in

the United States was 22 lb. It is now more than 70 lb.

There were 970 workmen engaged in growing United States beet sugar in 1899, and they received \$1,092,000 wages. In 1904 the industry employed 4000 workmen, and paid them \$2,500,000 in wages. In 1907 these figures were almost doubled, and they have continued to mount steadily.

A "Protective" Tariff is not necessarily a Prohibitive Tariff.

In calculating the size of a perfect "Protective" Tariff the actual cost of producing the article by its cheapest foreign producer should be taken, and a Tariff should then be added sufficiently high to cover, first, the difference between the price of that cheap foreign labour and the wages which you desire home labour to receive; second, the taxes which the foreigner would pay to the home Government if he produced in Great Britain.

With this "Protection" the home producer can afford to pay his labour a respectable wage, pay his taxes, and still be on an even footing with his foreign competitors.

The foreign producer can still afford to pay these duties and put his goods on this "Protected" market on an exact equality with the home producer.

Let us take as an example Japan and her cotton industry.

The Japanese are very clever and adept at anything, and in cotton spinning and weaving they are rapidly becoming formidable competitors of Great Britain. Japanese mill labour is just as quick as English labour, and her machinery is of the most modern type, but her labour is very much cheaper than British

labour. In fact, Japanese female operatives receive only eightpence per day, while the male labour receives only one shilling per day. In addition to this advantage, Japan is much nearer to the Chinese and Indian markets than Lancashire is.

The United Kingdom holds forty-nine out of seventy-two million pounds of the import trade into India, and fully one-half of this trade is Lancashire cotton piece goods. To give the Lancashire producer an even chance in the Indian market there should be a Tariff in her favour equal to these wages and freight differences, plus the British taxes paid by the Lancashire producer in supporting a navy big enough to keep this market alive.

Now let us see if this arrangement is fair to both the home and foreign producers. Just assume, for instance, that you have a factory situated in Germany, and that you make and sell, in Germany, this year, goods amounting to a total selling value of £10,000.

At the end of the year you find you expended :—

£1000 in rent, taxes, and general expense.

£1000 for household and personal expense.

£6000 in cost of material and labour.

Total, £8000, leaving you a profit of £2000, or 20 per cent on your turnover.

Now it would be an easy matter for you next year to double your output and sell the extra £10,000 worth in England.

Your rent, taxes, and general expense would be scarcely more than they were before, and your household and personal expense would remain the same. Hence you could produce the second £10,000 worth of

goods 20 per cent cheaper than you did the first half. This would enable you to sell your second £10,000 worth of goods in England at a price 20 per cent under your German prices. Thus you could sell in the English market at the English producers' cost price, which would ensure your getting the order, upon which you would make a profit on your second £10,000 worth of goods exactly equal to that on your first £10,000 worth.

Now a British "Protective" Tariff would stop this unfair and unreasonable handicap, against which no home producer could succeed.

A "Protective" Tariff not only results in increasing the output of existing home factories and encouraging home citizens to establish new industries, but it also has a startling effect upon the foreign producer, who, having during "Free Trade" established a good British demand for his products, rather than give up that trade, decides to establish a branch of his producing industry inside the country which places such a Tariff against him.

Two prominent examples might be given. The great soap works of Lever Brothers have found that it was much more profitable for them to manufacture soap in the United States and some other "Protected" countries than it was to produce soap at their English works and pay the duties into these other countries, and as a result they did establish factories, and they would not have been likely to have done so except for the "Protected" Tariffs enacted against their Liverpool-made goods. It is therefore due to these Tariffs that these other countries now find Lever Brothers buying their material and supplies from their home producers, and paying wages to their home labour.

The reader can readily form his own conclusions as to whether or not in this instance the "Protective" Tariff was a benefit to the "Protected" country.

Lever Brothers are strong advocates of "Free Trade," and why shouldn't they prefer to make all their soap in England with cheap English labour, only one capital investment, one general expense, and with no foreign taxes to pay?

Another prominent instance may be cited in the J. and P. Coats Company, who have been forced by Tariffs to establish several large and important branch sewing-cotton factories in "Protected" countries. And very little of the enormous sums they expend in connection with these branch factories finds its way into British circulation, except the actual nett profits which come back to the English owners.

The supplies of coal, wages, cotton, oil, packing, insurance, and freights are practically all purchased within the "Protected" area, to the far-reaching benefit of general business in those countries.

An English person or a firm who was endeavouring to decide upon the most profitable site for a new manufacturing plant would, under present international Tariff arrangements, be likely to locate the factory, not in England, where its products would be barred by Tariffs from the German market, but in Germany, where the products could be freely sold in both the German and British markets.

If this has been generally done, then we must conclude that many industries are now operating abroad which might otherwise have been situated in Great Britain, buying British supplies and employing British labour.

It must be obvious that British manufacturers who

only have free access to the British market do not have an equal or even a fair chance against the French, German, or American manufacturers, who have free access to both their own and the British market.

The only way to equalise these conditions of competition would be either to destroy or equalise the Tariffs of all.

British legislators cannot destroy these foreign Tariffs, but they could equal them if they desired.

A "Free Trade" Tariff seeks solely revenue, while a "Protective" Tariff seeks both revenue and "Protection." All Tariffs endeavour to raise revenue to defray in part the expenses of the Government collecting them.

The reason a "Protective" Tariff is chosen by most nations as a favourite method of securing these funds is because it has been proved to be a method of collecting these funds from the foreign producer without placing its burdens on the home people.

In other words, it is generally regarded as a tax which is paid by foreigners.

This question as to "Who pays the Tariff?" is quite fully discussed in another chapter, but for the moment let us assume that the Tariffs are paid by the foreigner.

It is, then, a contribution by the foreigner toward the operation and maintenance of the Government collecting it.

Take the case of Great Britain. In rough figures, the annual expense of Government amounts to some £182,000,000, all of which is paid by British citizens, either as direct taxes or as duties on goods they cannot produce. This seems an enormous sum to be drawn in taxes out of some 45,000,000 people, and it repre-

sents about £4 per annum per head if it was (but it is not) evenly distributed.

Now this is not by any means all the international governing expenses that British citizens are called upon to pay.

The British producer ships his products into Tariff countries, where he has to pay duties which are used in defraying the expenses of those other countries.

In 1911 British producers paid over £8,600,000 duties to Germany, £7,500,000 to France, £18,250,000 to the United States, £31,000,000 to other foreign countries, and £16,000,000 to the British Colonies.

On the whole, British citizens paid not only the whole expenses of Great Britain, but £65,000,000 toward the expenses of foreign countries, in addition to a substantial sum toward the support of her Colonies.

In addition to all these payments, which surely must ultimately palsy any people, the British capitalist is largely assisting further, indirectly, to support competing nations.

Let your attention be drawn to the fact that in 1911 British capitalists received £200,000,000 of profits on foreign investments of British money.

This sum, calculated as 5 per cent income, means that British citizens have invested some £4,000,000,000 of British money in the industries of other countries, all of which must be paying further taxes in the support of those other countries. Loyal British capitalists may sympathise with the under dog, but they *put their money on the top dog*.

Not only, therefore, does the British citizen carry the enormous burden of his own Government's maintenance, but he also in many ways contributes more heavily to the upkeep of other nations than do the

citizens of any other country, and it is principally because the International arrangements of Tariffs have left him with a maximum of handicap and a minimum of advantages at home.

Is a "Protective" Tariff fair or unfair to labour? Many people argue that consumers ought to be allowed to buy their supplies from any seller, no matter how mean and low are the wages paid by that seller. Such people would contend that they should have the right to buy boots which were made by convicts who receive no wages at all, or buy carpets which were made by slaves who draw no wages, and that any attempt to place "Protective" Tariffs on even such articles was an interference with their natural privileges for the benefit of the home boot and carpet makers. This argument does sound reasonable, but it sounds just as reasonable to suggest that cruel money-lenders have a perfect right to demand any ruinous rate of interest they desire from unfortunate clients. But we all frown upon any attempt to charge exorbitant interest on money loans, and some countries have actually passed laws fixing the legal maximum rates which may be charged, and prescribing severe punishment for exceeding these fixed limits. I think we may safely conclude that there might be a rate of interest too high to be reasonable or fair, and equally easily might we assume that there was a possible rate of wage too low for it to be fair to ask our home labour to compete with it.

"Free Traders" also argue that British labour is much more able and intelligent than is slave and much of the other cheap labour of the world, and that, therefore, they should be able successfully to compete with that labour without artificial "Protection."

It is not the mental ability of the barbarian with which civilised labour is asked to compete, but it is the barbarian's ability to maintain himself at a low cost. Civilised labour is asked to endeavour to work cheaper than the barbarian or lose the job, and it cannot do it because of the difference in surrounding conditions.

Place these two contestants in equal conditions, and civilised labour will quickly prove its superiority.

No one will doubt that a racehorse is much superior to a herring, yet if you spill them both into the ocean and race them a hundred miles back to the shore, I will put my money on the herring every time.

The racehorse in this case would have just about as much chance as civilised labour would have in endeavouring to work cheaper than the barbarian, provided he had to remain in the midst of civilised conditions.

After all, the whole of our tremendous armament load and all of our defence precautions are maintained to prevent invasions by other countries. What to-day would be the object of an invasion?

Why would Germany want any British territory?

Not because she is becoming over-populated, and wanted a colony into which she might pour her surplus people, for her surplus people are already welcomed without restrictions and with open arms by every British Colony. German emigrants can go into British Colonies quite as freely as can British emigrants.

No! Germany could only want to invade England in order to capture some of her Colonies.

Now, if Great Britain were to offer to present her Colonies to Germany absolutely free, but stipulated that they must be treated as open "Free Trade"

## 144 THE CURE FOR POVERTY

markets exactly as Great Britain now treats them, I dare say *Germany would refuse the offer.*

If Germany wants any British territory, she wants it for a German—an *exclusive German*—market, *for German goods*, and the German “Protective” Tariff would envelop the new German territory *instanter*.

There are two sorts of invasion—armed invasion and industrial invasion—but since the armed invasion is simply a preliminary invasion of force to make possible a later industrial invasion, we may almost assume that they are both the same, and that there is only one sort of invasion, and that is *industrial*.

In case Germany were to declare war against Great Britain, who would the British soldiers be? Who would be the British citizens who would form a majority of the plain soldiers who must stand in a compact line and let the Germans shoot at them?

I dare say we might safely assume that a majority of the units of this human breastwork against armed invasion would be British workmen.

Some officers who were not labourers might be killed, but it is rather certain that if any Government politicians were wounded in such a war, it would be more likely by the accidental discharge of their duty than by the enemy's bullets.

I did hear a rather full account of two politicians who actually did take up rifles and face the enemy, but when the firing began they were seen racing madly towards tall timber in the rear. Some idea of their speed zeal may be gathered from their conversation, which was overheard after they had entered a friendly hollow tree. One said: “Did you hear that bullet?” The other replied: “Indeed I did. I heard it twice.” “Twice!” exclaimed the other. “How could you

hear it twice?" "Well," panted the first, "I heard it once when it passed me, and again when I passed it."

In the second drafting of men for the civil war in America an Irishman stood next to a man who was excused from service because "one leg was too short," and the Irishman, hoping to escape service, declared that "both his legs were too short" for war.

This affliction would probably be prevalent amongst political demagogues.

Yes, British labour would, with enthusiastic valour and patriotic energy, step to the front and do its level best to resist the German attempt to upset or disturb the home Government. Not because it would be the gainer or the loser either way the war went, because really the German labourer is better off than the Britisher, and if Germany were to capture the British Isles, I have no doubt British labour would still be as well off, if not better, under the new ruler—unless the British Government "Protects" him by a Tariff. But he would be quite willing to lay down his life in defence of the Government. Now, let us assume that the war is over and that the loyal British worker had succeeded in repulsing Germany's attempt at armed—preliminary to industrial—invasion.

What happens now, and what should happen?

The Government of Great Britain will, I suppose, continue to operate a "Free Trade" system, and as soon as peace is declared will again refuse to erect, for the benefit of the patriotic British labourer, a breast-work of Tariff as a "Protection" against continuous German industrial invasion.

And so the disbanded British soldier-labourer will find that his beloved Government has decided upon a

Fiscal system which denies him the right to do his own work, and which gives his job freely to the German soldier-labourers who have recently been shooting at him.

In the annual report of the Borthwick "Morning Post" Embankment Home which appeared in the "Morning Post" of December 24, 1913, it is noticeable that of all the destitute they succour they say that "the army, navy, and merchant-service men always form the largest class."

I contend that this is not fair, and any Government who expects her citizen-labourers to assist in repelling possible future armed invasion ought, in all honour and fairness, to enact such limitations to industrial invasion in times of peace as are fair to those citizens.

Hence I contend that the domestic labourer of the country is entitled to some measure of Preference over the cheaper labour of other countries, and is entitled to be "Protected" by a Tariff which would enable him to secure not only permanent employment, but something better than the lowest wages in the world.

Consumers should not demand the right to buy their supplies at lower than reasonable prices when such reductions are taken directly from home labour.

Aside from the justice of the above point of view, there is another and far heavier argument. In the United States, where labour receives the highest known rate of wages, you will find the highest proportion of physical fitness, and over 80 per cent of her labour would pass the Army Medical test, while in "Free Trade" England, where the average wage is only 25/9 per week, the people are so poorly nourished

and housed that perhaps 80 per cent of the labouring people would be rejected as unfit for Army service.

If the Tariff causes this difference in wages, it also causes this difference in physical fitness and army resources.

## CHAPTER VII

### “CONSUMERS” AND “PRODUCERS”

**I**N considering the question of “Protective” Tariffs, one always encounters the arguments concerning its relative effect upon “consumers” and “producers.”

Who are the “consumers” and who are the “producers” of a country?

A “Protective” Tariff is generally conceded to be a system of duties designed to benefit those who are engaged in home “producing” industries, while “Free Traders” usually claim that it has an injurious effect upon home “consumers.”

Taking this as the description of the two classes, we find that all people, both employers and employés, who are engaged in productive industries are to be classed as “producers” and all those not so engaged are the “consumers.”

A nation’s progress, in the present age, is measured by its addition to its wealth, and therefore there is no progress except that resulting from its producing industries.

We are, therefore, justified in considering the “producers” as a nation’s very necessary backbone, and of much more national value than the non-productive “consumers.”

A law therefore which would encourage and benefit

a nation's "producers" would, even if numerically the two classes were equal, be a much more beneficial law than one which would benefit only the non-productive "consumers."

But are these two classes equal in numbers?

In his 1913 Budget speech, the British Chancellor of the Exchequer reports that fourteen out of every seventeen adults who died during the year 1912 left no taxable property, and only 150,000 living persons out of 45,000,000 had incomes sufficiently large to pay income-tax on at the full rates.

We have, therefore, a right to assume that all those fourteen-seventeenths of the people who had been unable during their life to accumulate any taxable property would belong to the "producer" and not the "consumer" class, and most generally in the capacity of employés.

Now, among the remaining three-seventeenths who have property to leave at death, it is fair to assume that an average of two out of every three of them were employers, either in the capacity of active managers of some industrial enterprise or as capital investors in some British "producing" industry.

We find, then, that sixteen-seventeenths of the inhabitants of Great Britain belong to the "producer" class, and only one-seventeenth belong to the "consumer" class.

The progress of a nation is limited only by the amount of new wealth it can produce, and that amount must be limited to the amount it can sell. We then come back to the simple question of markets, and since we see that the Tariff system is being adopted both more generally and more severely by most of the world's chief nations, we must assume that Great Britain's

production will ultimately be practically limited to the total consuming capacity of her Home and Colonial markets.

The Home market will then consist of the buying capacity of her citizens, who are composed of fourteen parts employés, two parts employers, and one part inactive consumers.

We cannot avoid the conclusion that the future welfare of British industry depends upon the welfare of the "producer" class rather than upon the welfare of the "consumer" class, and that any law which will benefit the "producer" class will be of more national value than one which would benefit the "consumer" class. If, however, we regard the whole public as "consumers," then sixteen out of seventeen are "producers" as well. In any transaction there is supposed to be a margin of profit, therefore the more money which changes hands, the more profits are distributed and circulated.

In this same Budget speech it was pointed out that one-half of the taxable wealth left by deceased adults in 1912 was left by only 1300 out of the 425,000 who died.

This indicates that there is not an even or yet a safe distribution of wealth in Great Britain, and it certainly shows that such centralisation of wealth must limit the circulation of wealth, and thereby diminish the number of transactions and the profit margins distributed amongst the people.

The problem with which we are confronted is not one of Socialism, but of plain sensible arrangement which will improve these conditions and benefit the mass of people without injury to the present holders of wealth.

We simply want to find a method of increasing the purchasing capacity of those fourteen-seventeenths of the people, whose capacity is now limited by their inability to pay and not by their lack of desire to buy. The three-seventeenths who own all the money are not limited, but are already consumers of everything they desire. But there can be no doubt that the fourteen-seventeenths would considerably increase their purchases if they possessed increased incomes.

During last year there were, roughly, two million Britons supported by public charity and pensions, and these undoubtedly were not "consumers" of such "market" value as they would have been had they been able to secure profitable employment.

There were also several millions who were out of employment during a considerable portion of the year, and these must naturally have consumed less than their normal desires and capacities.

We must therefore assume that the size and value of a home market depends to a large extent upon the profitable employment and consuming capacity of the fourteen-seventeenths who are employé-producers.

In England it is not usual for the employer to value his employés as a "market," and the tendency is therefore to keep wages at their lowest level in order to secure low costs, which will enlarge export sales, by giving "producers" this advantage in the hotly competed foreign markets, but in this process the value of the home market is reduced many times the value of the advantages secured in the foreign market.

The United States employer has reversed this order of things, and has learned to value the employé more as a consumer than as a worker.

The labourer is regarded more as a medium of exchange.

He receives his wages on Saturday, and he is penniless again on Tuesday. The employer practically lends him his pay on Saturday, and by Tuesday it is safely back in the money-chest of the employer.

This is not only true in the United States, where wages average more than double those of England, but it is equally true of England and France.

Proprietors of great "popular-priced" amusement resorts in the United States, England, France, or Germany will declare that Saturday and Sunday are their best days. Monday next, and the remainder of the week dull, until the next pay-day.

The European manufacturer is inclined to criticise his American competitors for paying such high wages, and in most cases condemns the wisdom of the practice because he believes that high wages increase the cost of production and works as a handicap in foreign competition.

I once saw two negroes trying to ride on one small donkey. The one in front turned round and remarked, "If you would get off and walk, dar would be more room for de rest ob us."

The British employer turns to his workmen and remarks, "If you would take less wages, there would be more profits for the rest of us."

The American has proved, however, that this system pays him, and that his carefully cultivated home market is more valuable than would be the foreign market. The following table will indicate the growth of United States productive industries since 1880 under her system of high wages and high home-purchasing capacity :—

## “CONSUMERS”—“PRODUCERS” 153

	1880	1900	1910
Population .....	50,000,000	75,000,000	92,000,000
Circulation of money.....	\$973,000,000	\$2,055,000,000	\$3,102,000,000
Bank clearings .....	\$37,182,000,000	\$52,000,000,000	\$202,550,000,000
Value of manufactures .....	\$5,370,000,000	\$13,000,000,000	\$20,672,000,000
<i>Per capita</i> wealth.....	\$850	\$1,164	\$1,310
“ ” National Debt ..	\$38	\$14	\$12
Manufactured exports.....	\$121,000,000	\$485,000,000	\$1,000,000,000
Patents issued .....	13,000	27,000	36,000

Let us see what the *per capita* results were in dollars as the population and wages increased :—

	1880	1900	1910
	\$	\$	\$
Circulation of money .....	19·50	27·50	33·55
Bank clearings .....	743·64	945·45	1114·60
Value of manufactures .....	107·40	173·30	224·65
Wealth.....	850·00	1164·00	1310·00
National Debt .....	38·00	14·00	11·00
Manufactured exports .....	2·42	6·45	10·87

It is apparent that just as steadily as wages and employment advanced in the United States, so did the consuming capacity of the people advance, and the value of the home market increase.

The total value of the United States manufactures in 1912 was over \$20,000,000,000, and yet the home market consumed \$19,000,000,000, and only therefore 5 per cent, or \$1,000,000,000 worth, was exported to foreign markets.

During this same period, Great Britain, with about half the population and with her system of cultivated foreign and neglected home markets, exported manufactures of a total value of £385,028,315 (\$1,925,141,575).

At the same ratio, then, if the population of Great Britain was equal to that of the United States, her exports (if she could sell them) would be about three

and a half times the exports of the United States, but even then the United States home market would still be about *six times* as great as this *doubled* British foreign market, and it is certain that British exports are sold at less profitable prices than are American home-market sales.

In 1900 the value of the United States home market was fourteen times as great as the entire foreign trade of all the other countries combined.

The home market of the country is divided into two classes, "necessities" and "luxuries."

The *per capita* consuming capacity of "necessities" will only increase up to a certain point, even though the circulating wealth and purchasing capacity continues to increase, but there is absolutely no maximum limit to the consuming capacity of luxuries.

For instance, a man drawing a salary of £3000 per year will not consume any more bread and meat than he did when he received a salary of only £300 per year, but he will buy more expensive cuts of meat, and he will become a valuable market for "luxuries."

It must be obvious, even to the "Free Traders," that the home market in the British Isles is practically an exclusive "necessity" market, and that there is little demand for any goods beyond the "necessity" class. It is well known that the United States market is the greatest "luxury" market in the world. This "luxury" market of the United States is quite general and widely distributed, which fact can be demonstrated in innumerable ways. For instance, one particular motor-car factory in the United States has an annual output of some 200,000 cars. This is many times as great as the whole output of all the motor-car factories in Great Britain.

American tourists spend in Europe over £100,000,000 per annum on pure "luxuries," while practically no such European travellers enter the United States. It must be conceded that there is a maximum home market in the United States for "necessities" and also the greatest market in the world for "luxuries."

The total number of savings-bank depositors in the United States in 1911 was 9,800,000, and their total deposits amounted to \$4,220,000,000. This indicates that not only all business men, but 9,800,000 labourers were consumers of a maximum of "necessities," and retained a surplus of money.

The total bank clearings of Great Britain in 1911 were £14,613,877,000, but under the highly cultivated American market the bank clearings of the State of New York alone were £4,000,000 greater than the whole British turnover. Further space, almost without limit, might be devoted to this point, but sufficient has already been used to prove that a highly cultivated home market is much more valuable and desirable than any foreign market.

We have seen that the way to improve the home market is to increase the home circulation of money, and that the best way to do that is to increase wages. The question now is, how uniformly to increase wages so that all will advance simultaneously.

The only way to increase wages is to increase the general home demand for labour until that demand exceeds the available supply. In a word, you must make two jobs hunt one man.

As explained in other chapters, this result was exactly what followed the adoption by the United States of a high "Protective" Tariff each of the five times they adopted it, and the "luxury" pur-

chasing capacity and one-half of the "necessity" purchasing capacity were destroyed each of the four times this "Protection" was removed. For instance, the *per capita* consumption of wheat in 1892, under "Protection," was 5·91 bushels, but during the four years of low Tariffs—1894-7—this average was reduced to 2·41 bushels, showing that the same population consumed less than one-half as much wheat—not because they had lost their appetite for bread, but simply because their income was so reduced that it did not equal their maximum demand for "necessities." I once heard of an Irish soldier who on a long march on a very short food-supply broke ranks, and climbed a persimmon tree, and picked and ate one of the horribly puckering green persimmons. On being reprimanded by a superior for breaking ranks, he explained that he "wanted to shrink his stomach to fit his rations." The American people simply shrank their bread appetite to fit their wheat-purchasing capacity. The most conclusive proof possible of my assertion that a "Protective" Tariff is most valuable in improving the home market, and that its removal destroys the purchasing capacity of the home market, will be found in the astonishing actual record of the United States under both systems.

During the four years 1891-4 the United States had the McKinley "Protective" Tariff, and during this period foreign imports amounted to £712,865,382. The low Tariffs of the Wilson Tariff Bill then went into effect, and one would naturally expect that when the high Tariffs were removed foreign goods would be imported in greatly increased quantities, but we are astonished to find that during the four years of "Free Trade" the imports only amounted to £711,561,125,

or £1,304,257 less than they were under the four years of high Tariff. There is only one possible explanation for this remarkable behaviour of the imports, and that is that "Free Trade" which demolished home industries had so much diminished the home purchasing capacity that there was no demand even for cheap foreign goods. In 1898 "Protection" was again adopted, and it re-established the high home purchasing capacity to such an extent that the home market not only consumed the output of a full home production during the next four years, but we are astounded to see that in the face of the high Tariffs imports actually increased £337,528,777 over those of the recent four "Free Trade" years.

The destruction of demand had been a greater bar to imports than the previous or subsequent high Tariffs.

Under "Protection" the "barring" of imports helped domestic industries, and under "Free Trade" imports were more seriously "barred," but there were no benefits either to the home producers or to the home consumer.

"Protection" increased the prosperity of both home and foreign industries, and of both the home and foreign consumer, while "Free Trade" injured every one of the four and was of no benefit to anyone, except that during the four "Free Trade" years the United States exports were less, and this may have benefited the foreign producer by keeping American goods out of competitive foreign markets.

No further proof of this point is required except to point to the present prosperity of British industries, which is due entirely to the enormous prosperity of those "Protected" countries which furnish Great Britain with her export demand.

## 158 THE CURE FOR POVERTY

By adopting a high "Protective" Tariff Great Britain could not only retain her home market, but she could greatly improve its consuming capacities, and all this could probably be done with little injury to her *Colonial* export trade, and with absolutely no injury to her export trade with "Protected" countries.

By federating the British Empire, as described in another chapter, and placing a "Protective" Tariff wall around the whole, she could soon produce plenty of everything she needed and enjoy the greatest consuming market ever dreamed of.

## CHAPTER VIII

### WHO PAYS THE DUTY?

THE advocates of the "Protective" Tariff dwell upon the stimulus it gives to internal industry and the corresponding benefits to the community. Its enemies, however, urge that an import duty raises the price of the domestic article, and that the benefits of the duty accrue to the manufacturer at the expense of the consumer. In discussing this question it must be borne in mind that the cost of production depends mainly upon five factors :—

1. The price of labour.
2. The quality of labour.
3. The method of production.
4. The quantity of output.
5. The price of materials.

Each time the United States has adopted a "Protective" Tariff the *price* of labour has gone up, and it has gone up materially, until to-day the *price* of American labour is more than double its *price* in Great Britain.

However, the labour cost of an article depends as much upon the *quality* of labour as it does upon its price. One cannot assume that the poorly nourished and unambitious British joiner will do as much work as the well-fed, happy, and ambitious American

carpenter who has steady work and receives £5 10s. 9d. per week.

It is certain that while the *price* of American labour is double that of British labour, the *cost* of American labour on a certain job will not be double that of British labour on the same job.

In the first place, the American labourer works shorter hours, and therefore takes more recreation and rest, and approaches his morning task without dread and with more cheerful energy.

Second, his higher wages have given him a more congenial and comfortable home in which to rest, while the British labourer, having such a squalid home, spends his evenings in the public-houses, or in other unrestful surroundings. Thirdly, the American labourer is better fed, and therefore stronger. He starts to work after a good solid meat breakfast, partakes of a sound meat luncheon, and closes a good steady eight-hours-day's work with a splendid sleep-producing dinner with his well-fed family.

Man is not a mere muscular engine, which when fed with meat gives forth effort. He is a social being, who needs the prospect of advancement as much as he needs meat to bring out the best effort there is in him.

Again, the average American labourer makes a profit above his expenses, owns his own little house, carries a substantial life-insurance policy, educates his children in the classes with those of the banker, and thus is spurred on by rewarded hope and accomplished ambition, while the British worker's ambitions are largely limited to a hope of sufficient employment to enable him to exist until old age, and he relies more upon public charity, a pension, or the generosity of

his employer, in his old age, than he does upon his own savings.

Thus we see that the doubled price of "Protected" labour only makes a slight rise, if any, in the labour cost on an article produced. Now if "Protection" does double the wages of fourteen-seventeenth of the people, it will double the amount of money in circulation, and therefore immensely increase the home demand for the articles produced. Hence, doubled wages will enormously increase the *quantity* of the output.

If the doubled wages in a "Protected" country do increase the *labour* portion of the cost of producing an article, this rise is more than compensated for by savings in other directions. The quantity of output has also increased by reason of the increased purchasing capacity of the market due to these higher wages, as well as to the checking of foreign imports.

The greater the output, the greater is the quantity of raw material required, and the greater the quantity of material bought, the lower will be its price to the manufacturer, so that with an increased output he will be able to lower the cost of material in an article.

Thus, although you have, by "Protection," slightly raised the labour cost in an article, you have lowered the cost of raw material in that article.

A far greater reduction in cost of production will be made in *cheapening the method of production*.

There is no doubt that any factory would cheapen its cost of production per article if it could double its output. For instance, the motor-car factory with an annual output of 200,000 cars will produce each part of a car much cheaper than would be possible if the output was only 10,000 cars. This would be partly

due to the fact that the larger factory would be equipped with better machinery, and partly because it would be organised into specialist departments.

Another saving in cost would result from the fact that in doubling the output you do not materially increase the establishment charges, capital charges, taxes, or general expense of the undertaking.

By far the largest savings in cost charges in the highly paid United States factories are undoubtedly due to the cheapening of production methods made possible by ingenious inventions of labour-saving machinery.

In this age of invention it is not unusual for a manufacturer to read in his breakfast paper that his foreign competitor has introduced some invention which puts him out of business by reducing the costs 20 per cent.

Now machinery improvements and inventions are not discovered by employers or capitalists, but are almost invariably designed and worked out by labourers. Not by poorly paid and fed labourers, but by well-nourished and ambitious labourers.

The American manufacturer has discovered that his labourer has two values—the value of his physical effort and of his mental labour as well—and he has also discovered that the mental capacity of labour is stunted by poor pay and poor nourishment, and that it is matured by nourishment and hope, which is only possible under the high-wages system.

It is quite noticeable in following the industrial progress of the United States that just as wages rose, so did the number of patents rise.

In 1844 there were 502 patents issued in the United States, by 1894 the number had increased to 25,000

per year, and to-day they number nearer 50,000, and for some reason we find that the United States leads the world in both high wages and invention.

In my opinion this is not a coincidence, but the latter fact is a direct result due to the former.

All newspapers in Europe are to-day printed by American machinery, which, as a rule, is only licensed to the users.

The boot and shoe machinery of the world is also licensed by American inventors and owners.

Most of the railways use the Westinghouse air-brake ; Edison's electric inventions are reducing costs all over the world ; Bell's telephone inventions have universally cheapened and enlarged commercial intercourse.

Morse's discovery of the telegraph has wonderfully assisted and multiplied commerce.

This list might go on to a tiresome length, but could only prove that well-paid labour does much toward cheapening production cost and enlarging production quantity.

The American system of high home-market efficiency undoubtedly allows her manufacturers to pay double the English wages without increasing the cost of production.

In fact, this system so much decreased production cost that American products to-day are the most active and dangerous competition which the British producer meets in the markets of even the Far East.

In 1840 British "protection" was needed against the cheap labour of Europe, but to-day it is most needed against the United States' highest-priced labour in the world.

The employer in the United States hopes an invention will be a success, and he helps and encourages

the inventor, and readily buys and installs his device, while the British employer is inclined to be sceptical, severely critical, and hopes it will fail, in order that he may be saved the necessity of removing and "scrapping" some of his good, but old machinery.

Almost any British "Free Trader" who argues against a "Protective" Tariff on the grounds that it would raise wages, and therefore increase his production cost, and thereby make him unable successfully to compete in foreign markets, will, if pressed, complain that the competition which he fears most, in those foreign markets, is the product of the highly paid labour of "Protected" countries.

Is his argument consistent?

We have seen that a "Protective" Tariff does not increase the cost of an article, and therefore does not force an increase in the price to the consumer.

This point is specifically agreed to by President Wilson, the present "Free Trade" President of the United States, in his book "The New Freedom."

Now let us see if it causes the home producer to add more profit to his cost than he does under "Free Trade" and foreign competition.

The "Free Trader" argues that when a duty of 50 per cent is placed on an article, the foreign seller at once increases his price 50 per cent, and that the home seller of the same article then raises his price 45 per cent, and is still able to undersell by 5 per cent the foreign seller, so that in this manner the poor consumer pays, say, 45 per cent more for the article.

This argument would be perfectly sound were it not for the natural laws of commerce, which entirely upset and reverse the predicted result. The law of supply and demand, which causes competition to regulate

price, is the consumer's safeguard. Let us first destroy this argument theoretically, and then see how it actually worked in practice.

In the first place we must not lose sight of the fact that under a "*Protective*" Tariff no duty is placed on any article unless it either is or could be produced at home in quantities equal to the home demand.

If on the date the Tariff is placed on an article that article is being produced at home in abundance by many competing producers then the price will not go up, simply because the home producers, who are fighting each other for the orders, will undercut each other until the price is reduced to a fair margin of profit.

The only way to defeat this natural law of competition is to limit home competition by combination or monopoly. It has been proved that this cannot be successfully done by combination, and it should be quite easy to enact laws which would destroy the evil of monopoly, provided they could be enforced. And it is likely that this could be done in Great Britain more satisfactorily than in the United States.

As a rule, to which there are few exceptions, prices to the consumers of products which are controlled by the largest so-called "Trusts" or combinations, in the United States, have not advanced, but, on the contrary, the tendency has always been downward.

In another chapter entitled "Trusts" we find these organisations are not due to "Protective" Tariffs, do not force the consumer to pay the duties, and, on the whole, are beneficial rather than harmful to the consumer's interests.

We can, therefore, eliminate from this discussion

the probability of the destruction by combination of the normal working of the law of competition in establishing prices.

We are, then, back to the question of whether or not selling prices will be kept down to a fair profit by home competition on any overproduced product.

If the article is overproduced at home, there is no doubt that home competition will guarantee a fair price to the consumer.

If the article is not being, but could be produced in abundance at home, then either a "Protective" Tariff or a monopoly would make it possible for the home seller to raise the price to the buyer.

But in case the home producer was able to enjoy a satisfactory profit at the old price, then his new advanced price would make the business so profitable that new home competition would be sure to result from this very stimulant, until soon the article would be overproduced at home, and the duties would then cease to affect prices to the consumer.

An example can be found in the wire-nail production of the United States.

In 1883 there were only 80,000 kegs of wire nails made in the United States, the balance being supplied by British producers.

The price of nails to the American consumer was 8½ cents per lb. at that time.

A duty of 4 cents per lb. was put on nails, which, according to the "Free Trader," should raise the price of nails to, say, 12 cents per lb.

But this duty so stimulated nail-making in the United States that within two years the home producer made 200,000 kegs, in 1890 he made 3,900,000 kegs, and in 1901 he made 9,863,000 kegs, and the price to

the consumer has constantly dropped, until it is to-day less than 2 cents per lb.

Endless other instances could be quoted to prove with certainty that no Tariff has any effect upon prices of any article which is overproduced by the home producer.

Since a "Protective" Tariff system does not place duties on articles which cannot be overproduced at home, then by that system the consumer's low competitive price is assured.

The same British "Free Trader" who argues against the Tariff high wages, because they will increase his costs and keep him out of "Protected" foreign markets, will also argue that *the foreign consumer, rather than he, pays those foreign duties*.

It must be obvious that he wants to retain his low costs simply and solely to enable him to afford to pay the duties and still undersell the "Protected" competitor abroad.

If the "Protected" consumer pays the duty, how would increased costs injure the British exporter?

The British producer knows well enough that he, and not the American consumer, pays the duty on standard British exports to America.

In March, 1891, a meeting of the British tin-plate manufacturers was held, and they agreed to reduce their prices in the American market by the amount of the McKinley Tariff of 1890.

Why not let the American consumer pay it?

The answer is simply that they had tried this for a year, and found that example was superior to precept.

No sane Englishman will contend that he can ship any standard article to the United States and sell it at a price equal to his usual price plus the American

duty, provided that article is already overproduced in the United States.

No honest Englishman will assert that the price in the United States of any standard article is equal to the English price plus the American duty.

No, the British article must sell to the American consumer at as least as low a price as that of the home-produced article, and the Briton must pay the duty or keep out of the market.

The "Protected" home consumer is always happily secure, and if the British producer cuts his wages to enable him to sell his goods in "Protected" markets, by standing the duties in those markets, then the loss will fall upon British labour and profits, and the injury to British industry will be greater than the value of the business gained by the cut, because not only will there be no profit on the order to British labour, and only a short profit to the British producer, but the process or system would destroy the value of the home market to both of them.

Lord Welby, a prominent British "Free Trader," in a speech at the Annual Dinner of the Cobden Club, in April, 1913, amidst cheers, congratulated Great Britain upon the fact that, at that moment, the new Democratic Government of the United States was about to reduce the American Tariffs and destroy their "Protective" efficiency.

If the British producer is to be congratulated, then surely the American is to be sympathised with, and if the American should be sympathised with because of the loss of a fraction of his high Tariffs, then surely there should be held a real old-fashioned Irish wake at the funeral of the poor British producer, who has no Tariff at all.

If the United States Tariff reduction helps the Briton, it must hurt the American. No, again the "Free Trader's" case fails. His foot slips, and he slides into practical facts, which ruthlessly destroy his whole case.

## CHAPTER IX

### “PROTECTION” AND THE COST OF LIVING

**E**NEMIES of the “Protective” Tariff system have never faced any argument as valuable, nor used any weapon more deadly, than their constant claim that high Tariffs always increase the cost of living. They concede that wages advance, but they claim that the cost of living goes up *not equally with wages, but more than wages.*

If living cost and wages advanced equally, then the “Free Trader” would still have the worst system, because general conditions and opportunities would be greater under the system which caused the greatest circulation of money, so the “Free Traders’” case must fail unless *living-cost advances exceed the wages advance.*

His two vote-getting arguments are directed to the two voting groups of citizens. To the three-seventeenths who have money he shouts a warning that “the consumer pays the duty” and that “the wages cost of production will increase” and destroy foreign trade. This threat of high wages made to the three-seventeenths may drive the fourteen-seventeenths who are wage-earners into the enemies’ camp, so, in order to hold them, he issues another warning that although their wages may advance, they will not benefit, because

the cost of living will advance more than wages, and they will be left in a worse condition than they were under the low-wages system. Now this is not an argument which need be discussed theoretically at all. It is a simple question of practical and proven fact. However, let us first discuss the case from a theoretical view-point, and close by examining the practical facts.

The "Free Trader" not only claims that the cost of living has gone up more than wages in the United States, but he goes further and claims that the increase is due to the Tariff.

Now this is equivalent to a claim that the great prosperity of the United States is maintained in spite of, rather than on account of the "Protective" Tariffs, and this is about as reasonable a conclusion as that of an American Indian who was found wandering aimlessly around a trackless prairie.

Asked if he was lost, he replied :

"No. Tepee lost."

Now the very first and foremost of all "Free Trade" scare-heads is "food prices."

"*Don't pass a Tariff or food will go up.*"

That's the vote-getting battle-cry, and that is the only strength they have. What effect have food Tariffs upon food prices of the American labourer?

There are a great number of food articles in America, such as tea, coffee, chocolate, etc., upon which there is no duty whatever, and surely no truthful man would claim that their price advance was due to a Tariff which does not exist.

In a table later on in this chapter I will give a list of staple articles of food, and in this list not one single item will be found which is not either free of duty or overproduced at home.

Now, we have shown in another chapter that the consumer does not pay the duty on any article which is *overproduced at home* unless there is by monopoly a destruction of home competition.

If this is true, then the Tariff could not in any way affect the prices of any of these articles of food which are not controlled by monopoly.

In the whole list we find that, since there is no farmer or gardener trust, the only items which might be called "monopoly" products are *meat* and *sugar*. Therefore these two items of food are the only ones which could be affected by the Tariff. In the case of *meat* the "Trust" cannot raise the price of their products without at once raising the price of cattle to the farmer. If they did, the local butcher would at once buy the cattle from the farmer and kill his own meat, so that is regulated, and the price of meat then depends upon the farmer, and there is no monopoly organisation of farmers.

Since the price of meat (as shown in the Board of Trade Report, 1911) is higher in "Free Trade" England than it is in "Protected" America, it must be obvious that the Tariff does not raise the price or, at least, that "Free Trade" does not lower it.

If the American high Tariff is responsible for the high price of meat in England, then the removal of the American Tariff would cheapen meat in England, and how on earth could this happen unless it diminished the American farmers' cattle price? If this did happen, it could only be because the Americans under "Free Trade" would export more meat to England. Now the American would not have any more meat to export unless "Free Trade" low prices made the farmer grow more cattle or "Free Trade"

conditions reduced the present American demand for meat.

The first conclusion is silly, and the second is absolute proof of the Tariff claim that "Free Trade" conditions punish the masses in a country so severely that it diminishes not their meat appetite, but their ability to buy their normal supply of meat, one of the most essential food items.

Thus down goes another "Free Trade" theory.

Now in the case of sugar we find that in 1890 the United States was only manufacturing one-eighth of the sugar she consumed, and the remaining seven-eighths was not only imported from the islands of the West Indies, but was all absolutely controlled by a sugar "Trust" which was born and nourished without any Tariffs of any kind. This Trust absolutely fixed the price of sugar, not only in America, but in the whole world, and there was only one way for the American to beat it, which was to encourage competition in sugar-growing. This she did by "Protective" Tariffs and by granting a bonus of one penny per pound to American sugar-growers, which had the effect of wonderfully increasing the production of sugar. Continental countries followed her example, and we find that the world's production of sugar, which was only 182,000 tons in 1854, had grown to 8,800,000 tons in 1900, and has continued to increase enormously each year since.

Now that bonus and "Protective" Tariff saved the consumer from the sugar trust, which under "Free Trade" would always have controlled him. The price of sugar did not go up, but in 1896, after two years of the democratic "Free Trade" of 1894, the price of sugar was 4·53 cents per pound, and in 1907

under "Protection" the price was 4·52 cents per pound.

The American sugar "protection" soon altered the market, and the American, who under "Free Trade" produced only 13 per cent of the sugar he consumed, in 1901 produced 67 per cent of the whole enormously increased sugar crop of the world.

Now if you increase the world's output of sugar from 182,000 tons to over 8,800,000 tons, you have a right to expect prices to come down, and it would do so if it were not for the often repeated fact that as you cheapen any standard article you increase the demand for it, and therefore, while the output of sugar has astoundingly increased, the demand for it has increased even more, and there still is not enough sugar to supply the world's demand.

The price of sugar would be higher than it is had not the United States and Continental Tariffs and bonuses increased its production, and since the price of sugar is practically the same in free markets of the world as it is in America, we cannot agree that the American Tariff system has a thing to do with increasing its price to the American labourer.

The only way in which the price of sugar can be reduced is to reduce the consumption of it, so that it will be overproduced, and that can best be done by "Free Trade," which will make the working-man so poor he cannot afford sugar.

In 1851, under the Cobden system of "Free Trade," the Americans consumed an average of 22 lb. of sugar each per year, while in 1901, after years of "Protection" prosperity, the average annual *per capita* consumption was 68 lb. (more than three times as much).

This American sugar "protection" not only increased the output of sugar, and thereby tended to reduce the world's price of sugar, but it kept at home the \$100,000,000 which the Americans were in 1890 annually sending abroad for sugar, and the \$200,000,000 to \$300,000,000 they would to-day be sending. It also created a new industry which to-day pays the American farmer over £100,000,000 per year for the crop, which covers an area of some 4,000,000 acres of American farm land.

But enough of this theory!

Let us see what the facts are.

What did happen to the American labourer when the wicked "Protection" man saddled him with the high Tariffs which "Free Traders" say will increase the cost of living more than it will increase the rate of wages.

No one will dispute that the average United States wage is more than double that of Great Britain. The 1911 British Board of Trade returns state that the average American wage is two and a third times as great as the British wage. The question is simply this:

"Is the cost of living in the United States more than double that in Great Britain?"

Not is it *double*, but is it *more* than double? Unless it is more than double, then the "Free Traders'" case to the fourteen-seventeenth labour votes fails absolutely.

On a question of fact no "Free Trader" can possibly say honestly and truthfully that there is one single, solitary article of standard consumption selling in the United States at double the British price.

Submit in this way the strongest vote-getting argu-

ment of the "Free Trader" and it ceases to be a question of economy or even of expediency, it ceases to be a battle between theory and practice, and it becomes nothing more or less than a fight for votes between truth and falsehood. And yet you will not only find "Free Traders" contradicting these facts, but they can always get plenty of other "Free Traders" to verify and back up their statements.

I once heard of a Western land agent in Canada who was showing an English capitalist a tract of land in a wild valley, when they stopped for lunch at a big hotel and public bar.

The agent had made all the usual claims of merit for the district and that particularly valuable section, and as a final touch he added that "it was a great dairy and *butter* valley"—and to prove his statement he turned to the rough old barkeeper with a side-wink.

The barkeeper drawled the following corroborative reply :

"Wal, I don't know much about butter and churnin', but I know they must make a right smart up here, fur I know twelve sawmills what's run by butter-milk" !

Faced with this direct question :

"Has the American wage-earner lost on living cost more than he has gained in wages?" and any truthful "Free Trader" must reply "No!" And if he does he will lose the votes of the fourteen-seventeenths who labour. Any "Free Trader" who answers "Yes" to this direct question simply lies for votes, and any of them who evade the question and jump off on some other point are studiously and intentionally endeavouring to guide the voter from a truth which will absolutely kill the leading "Free Trade" argument

and drive the fourteen-seventeenths of the voters to the support of the Tariffs.

The following table, taken from the Report of the British Board of Trade, in the volume called "Cost of Living in American Towns," will show exactly what has happened to living costs in America, and is a definite answer in truth and fact to the strongest of the "Free Trade" vote-getting arguments.

Retail prices of Food in the United States compared with those of Great Britain. In each case the lowest price is taken.

		Retail Price in Great Britain. (1905)	Retail Price in U.S.A. (1909)	% difference.
Sugar	per lb. ....	/2	/2 <sup>3</sup> <sub>4</sub>	plus 27%
Cheese	" "	/7	/10	„ 30%
Butter	" "	1/-	1/4	„ 25%
Potatoes	„ 7 lb. ....	/2 <sup>1</sup> <sub>2</sub>	/5 <sup>3</sup> <sub>4</sub>	„ 53%
Flour	„ lb. ....	/8	/11 <sup>1</sup> <sub>2</sub>	„ 30%
Bread	„ 4 lb. ....	/4 <sup>1</sup> <sub>2</sub>	/10 <sup>3</sup> <sub>4</sub>	„ 58%
Milk	„ qt. ....	/3	/4 <sup>1</sup> <sub>2</sub>	„ 30%
Beef	„ lb. ....	/5	/6	„ 16%
Mutton	" "	/4	/6 <sup>1</sup> <sub>2</sub>	„ 40%
Pork	" "	/7	/5 <sup>3</sup> <sub>4</sub>	— 18%
Bacon	" "	/7	/8 <sup>1</sup> <sub>2</sub>	plus 18%

The average of all these items shows the average of American prices is 28 per cent higher than that of the British prices. The above prices, however, are not quite accurate or fair, because the British prices were taken in October, 1905, while those of the United States were taken in February, 1909, and British prices had risen substantially during those three and a quarter years. This proves by cold fact that American prices

are not double English prices on the principal articles of food, and yet this same Report shows that wages in America are higher by 130 per cent than wages in the British Isles. In another chapter this subject is more thoroughly analysed.

For reference I will insert here the following table of wages. (The highest wages are given in both cases from the same Board of Trade Report.)

	BRITISH.		AMERICAN.	
	Wages per week.	Hours per week.	Wages per week.	Hours per week.
Bricklayers.....	40/6	53	125/-	46
Stonemasons .....	39/4	52	110/-	46½
Carpenters and Joiners	39/4	53	90/-	47½
Plasterers .....	41/8	53	119½	46½
Plumbers .....	39/9	53½	112/6	47½
Painters .....	37/6	53½	85/-	47½
Hod Carriers and Brick-layer Labourers ....	27/-	52½	68/9	48½
Fitters .....	36/-	53	74/6	56½
Turners .....	36/-	53	74/6	56½
Smiths.....	36/-	53	85/4	56
Patternmakers .....	38/-	53	91/8	56½
Labourers .....	22/-	53	43/9	56½
Hand Compositors ....	33/-	52½	81/3	49

We can readily see that while food is only 28 per cent higher in America, wages are 130 per cent higher, or 30 per cent more than double.

The United States had enjoyed (?) a "Free Trade" Fiscal system from 1846 to 1861.

The following table gives the prices prevailing in 1860 during the last year of "Free Trade," and the

prices of the same articles in 1906, after forty-five years (except 1894-5-6-7) of high "Protective" Tariff:—

## PRICES IN 1860 AND 1906

		1860	1906
		\$	\$
Axe . . . .		1·40	.90
Blankets, pair . . . .		6·83	3·70
Blue shirting, yard . . . .		.18	.09
Boots . . . .		4·76	2·50
Calico, yard . . . .		.15	.06
Carpets, yard . . . .		1·31	.50
Cotton gloves . . . .		.35	.20
Cotton hosiery . . . .		.47	.25
Cotton knit goods . . . .		.98	.40
Cotton thread, spool . . . .		.09	.05
File . . . .		.42	.20
Fork, 3-tined . . . .		.99	.46
Flannel, yard . . . .		.70	.34
Gingham, yard . . . .		.23	.09
Handsaw . . . .		2·44	1·39
Hoe . . . .		.85	.37
Hemp rope, per lb. . . .		.21	.11
Linen, yard . . . .		.83	.42
Mowing machine . . . .		121·15	45·00
Nails, iron, per lb. . . .		.08	.03
Oilcloth, yard . . . .		.84	.31
Overalls . . . .		1·20	.71
Pearl buttons, dozen . . . .		.22	.14
Pins, paper . . . .		.12	.06
Plough . . . .		20·00	12·00
Rake, horse . . . .		41·25	19·41
Reaper and binder . . . .		247·85	116·00
Rubber boots . . . .		4·83	2·74
Salt, barrel . . . .		2·30	1·38
Shoes . . . .		5·84	3·50
Sheeting, yard . . . .		.13	.06

## PRICES IN 1860 AND 1906—(continued)

		1860	1906
		\$	\$
Shovel . . . .		1·47	.80
Spade . . . .		1·44	.84
Starch, per lb. . . .		.14	.10
Straw hat, good . . . .		1·75	1·10
Straw hat, common . . . .		.44	.23
Sugar, granulated, per lb. . . .		.19	.05
Sugar, brown, per lb. . . .		.16	.04
Sugar bowl . . . .		.61	.32
Scythe . . . .		1·22	.68
Tin Dipper . . . .		.25	.10
Tin milk-pail . . . .		.75	.39
Tin milk-pan . . . .		.37	.15
Wagon . . . .		130·00	75·00
Washboard . . . .		.41	.22
Washtub . . . .		1·20	.65
Wheelbarrow . . . .		2·23	1·40
Wooden pails . . . .		.45	.20

The above list definitely disputes any claim that Tariff increased the price of any article in that list.

A Tariff of \$28 per ton was put on steel rails, and the price fell from \$107 per ton to \$28 per ton.

A Tariff of 4 cents per lb. was put on wire nails, and the price fell from  $8\frac{1}{2}$  cents to less than 2 cents per lb. Hundreds of such cases might be quoted.

The cost of *articles* of living have had a slight advance in the United States, but so they have in England and every other commercial nation.

For instance, the British paid £2,500,000 more for their foreign meat in 1912 than they did in 1911, and yet the quantity imported was less in 1912.

The following table shows also that the *per capita* consumption of meat in Great Britain has constantly decreased since 1900 :—

	lbs. per head					
1900-1 . . . . .	.	136·3				
1901-2 . . . . .	.	135·2				
1902-3 . . . . .	.	129·4				
1903-4 . . . . .	.	132·0				
1904-5 . . . . .	.	132·6				
1905-6 . . . . .	.	132·6				
1906-7 . . . . .	.	130·7				
1907-8 . . . . .	.	131·6				
1908-9 . . . . .	.	130·3				
1909-10 . . . . .	.	125·6				
1910-11 . . . . .	.	127·4				
1911-12 . . . . .	.	131·3				

The American cost of living is only a trifle, if any, higher than it is in Great Britain, and the gain in wages, in wealth, and in every way has been tremendous. The fact is that the cost of living of the American labourer has not gone up much, but his *standard of living* has advanced tremendously.

The American labourer is not by any means satisfied with what he used to eat or wear, and any Government which forces a Fiscal system on him which would compel him to eat and wear what the British labourer eats and wears or to live as his British cousin lives will find itself face to face with a revolution just as the "Free Trade" Government did in 1861. It costs more money to wear shoes as they do in "Protection" times than it did to go barefoot as they did in 1896 "Free Trade." It costs more money to eat than to go hungry, or to live than to exist. The child of an American labourer has more pocket-money than the wife of an English labourer.

If the "Free Trader" really believes that the labourer in the United States is not making a profit on his work, let him look at his savings-bank balance. The American labourer has one-half as much money deposited in the savings banks as all the rest of the world combined, and he carries as much life insurance as the balance of the world, and all this is due to the "Protective" Tariff system of keeping the money at home and improving the home market regardless of the foreign market.

During the four years of "Free Trade" from 1893 to 1897 the savings-bank deposits decreased \$53,000,000, and during the first seven years after the return of "Protection" in 1897 the savings-bank deposits doubled.

It is not the low price of food that makes it more available, it is the possession of its price.

During "Free Trade" food and labour were both cheap, and there was no demand for either.

The higher priced labour is, the better is the demand for it, and the lower the price of labour, the more unemployment there is.

"WHERE THERE IS EMPLOYMENT THERE WILL BE  
BREAD."—*Daniel Webster.*

## CHAPTER X

### PROTECTIVE TARIFFS AND “TRUSTS”

UNDER a scientific “Protective” Tariff nothing is taxed unless it is being or can be over-produced at home, and therefore, under the law of competition, the consumer, even behind this Tariff wall, will not pay a higher price than “cost” plus a fair competitive profit.

If this be true, then the “Free Trader” has failed to establish his favourite claim that “the consumer pays the duty.”

When pressed on this point, however, “Free Traders” invariably protect themselves by declaring that internal competition is destroyed by Tariff-born combinations, monopolies, or trusts.

I hesitate to use strong language, and will therefore endeavour to illustrate my opinion of the principles of such arguers by relating a story of a little girl who was playing with her small brother on the terrace in front of a splendid home one day, when a kindly parson passed, and, with a genial smile, patted the little girl on her pretty curling hair and said :

“Are you and your little brother having a good time ? ”

The little girl replied :

“He is not my brother. His father is my father,

and my mother is his mother, but he is not my brother."

The parson pondered this perplexing puzzle as he passed on to his house, and finally, in a flash, he saw it clearly.

*The little girl had simply lied to him.*

Now let us see if this is true or if it is simply a trap for the electorate.

What are these so-called "Trusts"?

They are limited companies with large share capital, who, with their capital, actually buy up a sufficient number of competing undertakings to enable them to control production and price.

In this argument we only need to show that the "Free Trader" is wrong in his claim that a "Protective" Tariff is the "cause" of these combinations, and we win our case and destroy this "Free Trade" claim if we show that these combinations do not charge a price for their products equal to the "Free Trade" price plus the *full* amount of the Tariff.

For if they only add 50 per cent of the Tariff, there still remains 50 per cent of the Tariff which would be paid by the foreigner.

Let us first see if the "Trusts" are caused by the "Protective" Tariffs.

"Trusts" are no new or novel things, but they have existed practically all the time since the beginning of commercial history.

What "Trust" was ever more powerful or cruel in its methods than was the British nation in its early monopoly of sea-shipping?

In the early days of the American Colonies the British Navigation Act was passed, decreeing that:—

"No goods or commodities whatever of the growth, production, or manufacture of Europe, Africa, or America shall be imported into England or Ireland, or into any of the plantations, except in ships belonging to English subjects, of which the master and the greater number of the crew shall also be English."

What chance had the shipping industry of the American Colonies against this Government monopoly?

When did "Protection" create a monopoly equal to the powerful East India Company?

Where on earth, either to-day or in history, can you find a tighter, more powerful, or more cruel "Trust" than to-day's British shipping ring.

If you wanted to build ships for a new line of merchant marine would this ring permit you to raise any finance in Great Britain, and if you got it elsewhere would they force the British shipbuilders to refuse to execute your order, and if you built them elsewhere would they cut prices in your territory and ruin you? Try it and see.

"Trusts" are so old that in the oldest Common Law we find provisions against "Combinations in restraint of trade."

In the book entitled "The Progress of the Nation," written in 1851, by G. R. Porter, an Englishman, you will find on pages 281, 282, and 283 a full and interesting account of how English coal producers formed a "Trust" and "regulated production and prices" as far back as 1771, long before the discovery of the "Protective" Fiscal system.

This ancient English coal "Trust," as shown in that volume, practised successfully every wicked device known to modern combinations, and it was done more easily under the then International "Free Trade"

conditions than it could have been under to-day's International "Protective" conditions, for the domestic coal sales were limited, 30/- per ton being charged in London, and the surplus products being dumped in St. Petersburg at 15/- per ton, which could not have been done in the face of the present high Russian Coal Tariff.

The present steel rail "Trust" was formed in England under "*Free Trade*" in 1883, and was international in character.

In the second Report of the British Royal Commission, on pages 56 to 70, will be found the full testimony of the principal organiser, who describes its formation, and states that the producers of Germany and Belgium were also members, and that the price of rails was raised 13/- per ton at the works, and that the combination divided the export trade amongst its members; the British producers receiving 66 per cent, those of Belgium 7 per cent, and of Germany 27 per cent of all export orders.

Thus we see the first big steel rail "Trust" originated in "*Free Trade*" England, and absorbed competing undertakings in Tariffed Germany and Belgium.

This "Trust" was still in existence in 1904, as shown in the *Iron and Coal Trades' Review* of October 21, 1904, in an article describing the re-adjustment of the division of the spoils, which was necessitated by the fact that the German and Belgian industries had, under their "Protective" Tariff systems, grown so much more rapidly than had the English industry, under "*Free Trade*," that those two countries demanded a larger share of the export orders than had previously been allotted to them.

Consequently, under the new allotment the British

producer received 53·50 per cent, the German 28·83 per cent, and the Belgian 17·67 per cent.

Not only was this "Trust" formed in a "Free Trade" country, by "Free Trade" producers, but the same article states that its one vital flaw was that *the United States Steel "Trust" would not join it.*

In other words, if the alleged Tariff-made American Steel "Trust" had not been in existence, this "Free Trade" monopoly would have perfectly controlled production and price as they willed.

The consumer is therefore "Protected" from this "Free Trade" "Trust" by the very existence of that Tariff "Trust" in the United States.

There has almost always been a tight combination in the British shipping trade, and this combination or association adopts its own rates of freight and passenger charges.

The railways of England work in absolute unison, and once each month hold their meeting of managers in London.

The coal producers of Great Britain are also mighty combinations which fix the price of their product and labour.

Two of the leading combinations in England to-day are the Trades Unions, which seek by most severe devices to dictate the price of labour, and the co-operative stores, which seek to wipe out absolutely the small shopkeeper of the land.

There is to-day, and there almost always has been, an almost air-tight combination of British tin-plate makers.

In 1873, 1874, and 1875 there were two tin-plate factories in the United States, and the price of tin-plate was \$12 per box.

No sooner had this young American industry got fairly under way than the "Free Trade" British Tin-plate "Trust" reduced the price of tin-plate in America from \$12 to \$4.50 per box, and killed the young American industry.

As soon as the funeral was over the "Trust" again advanced the price of tin, and in 1879 it was selling at from \$9 to \$10 per box, and the American mills again started up, but they were again forced to abandon the business by the repeated "dumping" process of the English "Trust."

This left the British "Free Trade" tin-plate "Trust" in absolute control of that American industry, until the McKinley "Protective" Tariff of 1890 placed a duty of 2.15 cents per lb. on foreign tin-plate.

The British "Trust" held a meeting in England, and decided to reduce their price to meet this duty, which they promptly did. But the American duty gave the American industry an advantage with which they routed this "Free Trade" "Trust," and their "toddling" young industry became a powerful competitive rival in the world's tin-plate trade, until in 1905 the American tin-plate industry produced 1,105,330,000 lb. of tin-plates, which was 80 per cent more than the total imports when the Tariff was adopted. And to-day America produces more tin-plate than all the rest of the world combined.

That Tariff of 1890, instead of creating a "Trust," actually killed this "Free Trade" "Trust," and the British tin-plate industry to-day is "flopping" about in the last agonising writhings preceding total extinction.

Ask a British tin-plate "Trust" official how much he loves the American tin-plate Tariff.

The British "Free Trade" chemical firm called

Brunner, Mond and Co., Ltd., pays higher dividends than the most severely criticised American Trusts, and one wonders if the prices of its products are fixed by "Free Trade."

We might go on indefinitely with examples conclusively proving that "Trusts" and combinations have existed always, are as rife in "Free Trade" countries as they are in "Protected" countries, and are not in any way due to Tariffs.

Mr. George W. Perkins, a late partner of J. Pierpont Morgan and Co., in an interview on September 11, 1913, which appeared in the *Daily Telegraph* of that date, declared :

"Fifteen years ago there were 20,000 semi-Trusts in England, and now there are upwards of 50,000."

But "Free Traders" do not like to examine any "Trusts" except the gigantic and cruel ones they hear about in the United States, so let us for a moment examine into them.

Among the largest of these "Trusts" we might take the Standard Oil Trust, the Harvester Trust, the Meat Trust, and the United States Steel Trust.

The Standard Oil "Trust" has constantly reduced the price of oil to the consumer, and owes its great success not to its having advanced prices, but to the fact that it devoted great expense and efforts to enlarging the demand for its products, and to scientific refining, which gave them great by-product values.

In early days it increased demand by cheapening the price of oil and by establishing an enormous number of distributing stations, until in even the remote country districts of the States a gallon of lamp-oil would be delivered to your house by a tank-waggon.

Later on this "Trust" began to devote its attention to inventions which would increase the demand for oil.

Household oil-stoves were perfected and lent or sold at a very low price to consumers, machinery began to use oil for power, and to-day this great concern, having already increased the demand for oil products to a point far in excess of even the much-increased supply, is still working on mechanical research with a hope of soon seeing a stupendous new demand for oil as fuel to supplant coal on all steam sea-going craft.

As the market for oil widens, and as the demand increasingly exceeds the supply, we are bound to see the price of oil advance, but these advances will not be due in the slightest to combination, but will be entirely due to the fact that the world wants more oil than she can pump.

In no case can the "Free Trader" claim that the American "Protective" Tariff has had anything whatever to do with fixing the price of oil, or with the formation of this "Trust," for crude oil, petrol, paraffin oil, and all the common grades of oil are absolutely free of duty, and the only profit the oil "Trust" has secured, which was due to the high Tariff, has been from the increased purchasing capacity of the people.

In the case of the Harvester "Trust," while it is a fact that this concern has largely destroyed home competition in this industry, yet we cannot say that the consumer has suffered, because the American buyer of harvesting machinery gets it for a lower price than the buyer in any other country; in fact the cheapest harvesting machinery you can buy in Europe or Asia is made in America.

One of the most severely criticised combinations in

the world is the American Meat "Trust," and yet we can find only benefits which have resulted from it.

Previous to its creation the butchers and local market men were slaughtering their own animals in a most laborious, wasteful, and expensive manner, and the blood, bone, hoofs, and, in fact, practically all the useful and exceedingly valuable by-products were thrown away and lost.

The Meat "Trust" found profitable and valuable use for every drop of blood, every hair, bone, and particle of the animal.

In America it is generally humorously said that the "Trust" has found profitable use for every particle of the pig except the squeal.

Certain it is, however, that it is able to secure sufficient by-product values to enable it to buy a live "beef" from a farmer, ship it on the hoof hundreds of miles to Chicago, slaughter and dress it, and ship the dressed beef right back to the town from which the steer came, and sell it to the local butcher at a price below what it would have cost him to slaughter it locally.

Thus the farmer gets a better price for his steer, the railway gets a double haul out of that steer, and the local meat-eater gets his food cheaper, and to-day there is probably not a single steer slaughtered by a local butcher within five hundred miles of a "Trust" abattoir.

It is not the Meat "Trust" which has forced the price of meat up, but it is the increased demand for meat.

For the last six years, in spite of the United States Tariff on meat and cattle, the imports have increased 2000 per cent.

This Meat "Trust" does not, then, owe any of its success to the Tariff; in fact, a removal of the Tariff would only injure the farmer who sells the steer, for it would widen the "Trust's" purchasing market.

A most convincing fact is that the cheapest meat sold in Great Britain to-day is American frozen meat, produced by this "Trust," and the armies of the world are fed by their tinned products in open competition with the world.

As soon as President Wilson's 1913 free-meat Tariff Bill went into effect this so-called Chicago Meat Trust began to buy cattle in Canada and Mexico, and two things have happened within a few weeks, viz.—

Canadian cattle prices have risen level with the United States prices, and Mexico at once put an export duty on cattle equal to the United States Tariff which was removed, but the price of meat remains as high, indeed, slightly higher, than it was under "Protection."

The new United States low Tariff Bill was signed in October, 1913, and during the months of October and November the value of beef and cattle imports was greater than in the whole of the previous months of the year combined.

The following table of imports for November, 1912 and 1913 respectively, will give some idea whether the United States farmer or the foreign farmer benefited most by the Tariff reductions.

	IMPORTS Nov., 1912		IMPORTS Nov., 1913
Wheat .....	2,000 bushels ..		127,000 bushels
Flour .....	6,190 barrels ..		10,824 barrels
Oats .....	4,266 bushels ..		5,132,308 bushels
Cattle .....	43,758 head ..		103,118 head
Potatoes .....	10,668 bushels ..		764,863 bushels

The Steel "Trust" is another enormous American "Trust" which has never injured the consumer, but which, on the contrary, has even liberated the consumer of the world from the bondage of an absolute British-made monopoly.

In 1870 there were only 30,000 tons of steel rails produced in the United States, and the foreign steel-rail "pool" was charging \$107 per ton for rails.

The American Congress in that year placed a "Protective" Tariff of \$28 per ton on steel rails and ingots.

Now according to "Free Traders" the price should have gone up to \$135 per ton, but it did not do anything of the sort. On the contrary, the price at once began to fall, and has steadily continued to do so, until to-day you can buy much better steel rails than those of 1870 from the United States Steel "Trust" for from \$25 to \$30 per ton.

In this particular case the Tariff enlarged an industry which in 1870 produced 30,000 tons, until in 1880 the production of American steel was 1,247,335 tons, and in 1890 it was 10,188,329 tons, and in 1912 it amounted to 23,676,106 tons.

The United States steel makers not only supply the United States market, but in 1904 they exported £49,200,000 worth of steel, and this increased in 1912 to a total of £152,000,000 worth of exports from this very "Trust"; and all this steel undersold the products of the foreign "Trust," and thus saved the foreign consumer (by competition) from the European "Trust's" control.

The American Steel "Trust," like most other modern "Trusts," does not depend so much upon raising prices as upon cheap methods of produc-

tion, economical management, savings in cross-freight routing, etc., and strongly believes in increasing the use of products by cheapening their price.

The tendency of most of these "Trust" concerns is to exact a *small* profit on a *big* turnover.

This "Trust" has provided the steel for every steel building in Buenos Aires for the last eight years; it sells bridges in North Africa, pipes to the mines of South Africa, rails for the Australian Trans-Continental Railway, and, in fact, successfully undersells the "Free Trade" competitors in every corner of the earth, much to the benefit of the world's consumers as well as of American labourers.

Now even if you condemn the foreign sales of this "Trust" as "dumping" sales at lower prices than they accept in the home market, still you cannot contend that even this process is not an advantage to the foreign consumer and an enormous benefit to the home labourer.

If the American Tariff gives the American market to the American steel producer, then it is certain that if you remove that Tariff the American steel producer would be forced to join in and complete the foreign steel monopoly or go out of business, and if this is true, then the American Tariff actually saves the world from a perfectly despotic monopoly.

The United States Steel "Trust" does not need a Tariff, and does not even contribute to the American Tariff League, whose Treasurer and General Secretary states that prior to the formation of the "Trust" the League received \$11,000 per year from 110 steel producers, who sold their undertakings to the "Trust." The League now only receives \$100 per year from these sources.

Let us take another example where the American "Protective" Tariff actually saved the world consumer from a monopoly.

Prior to 1890 the world's production of sugar was limited to and was produced chiefly in the West India Islands, and this supply was absolutely monopolised and controlled by the American Sugar Refining Company, a "Trust" dominated by the Havemeyer financial group.

This "Trust" was formed and operated in "Free Trade" Cuba, and any American Tariff could only have operated against it, but it was quite safe until the discovery and perfection of the American beet-sugar industry.

The only way successfully to combat this monopoly was to pass such measure as would increase the world's production of sugar and increase the sources of supply.

This is just what the United States Congress did in 1890 by paying a bonus of 2 cents per pound to American beet-sugar producers, and this method was soon adopted by Germany and Belgium, and thus encouraged by bonuses and Tariffs the new beet-sugar industry grew very rapidly, until to-day there are some 4,000,000 acres in the United States growing sugar beets; and the new beet-sugar industry in Germany and Belgium is thriving immensely, until to-day sugar is the principal item of export from Germany into England.

There is no doubt that German, Belgian, and the United States Fiscal measures—either Tariffs, bonuses, or both—have created this new industry, and equally certain is it that without this new beet-sugar industry the world's consumers would to-day be buying their sugar from the old "Trust's" limited Cuban pro-

ducts and paying for it any price demanded by the "Trust."

Example after example might be given in proving that a Tariff, instead of creating "Trusts," is the most formidable weapon for their regulation by fostering and increasing sources of supply.

These political-campaign "Trust" bogies are simply big limited companies.

Who owns them?

Why, their shares are on sale every day, and anyone can buy any part of them any day, on almost any Stock Exchange in the world.

The *public investor* owns them, or, at least, he owns perhaps 49 per cent of them, and if you smash them, you smash the public who owns them.

The "class hatred" monger rails at them for cruelly putting their small competitors out of business, and he proposes to crush them to give the small producer a chance.

Are we to suppose that these enormous concerns can stand less punishment than their small competitor?

Certainly not. You will demolish and ruin the small competitor long before you destroy the big one, and as soon as you return to favourable conditions for the little fellow you will find that the big fellow is the first to recover his vitality, and the position is exactly where it was before, except that in the interim the public investor has been squeezed out of his "Trust" shares.

You cannot abolish "Trusts" by an attack upon their welfare without destroying their industry, but you can and should regulate them, and destroy their unfair treatment of their competitors.

Steel is one of the most important industries in the

United States, and pays out more money for wages, material, and freight than any other manufacturing industry in the world, and it is by no means monopolised by the United States Steel "Trust."

On the contrary, the "Trust" does not control 60 per cent of the American steel output, and yet at this moment the new United States Congress is endeavouring to destroy this hated "Trust" by ruining the whole United States steel industry.

They propose to reduce the duty to such an extent that Calcutta pig-iron can be delivered in San Francisco at just about half the present price of the American product.

If this is done, it is absolutely certain that the first to go down to ruin will be the 40 per cent of little fellows, for whose benefit the move is made. Now we are perfectly certain that India cannot supply the world with pig-iron, or she would be doing so, and there would be no present foreign market for American steel. The Steel "Trust" will simply wait until this Calcutta pig-iron has wiped out the 40 per cent of the little manufacturers in the States, and then she will buy the India output and put prices back where they were, and pay her temporary losses out of the new profits she enjoys from the old customers of her late small rivals.

Why do business men allow Government machinery to fall into unpractical "vote-getters'" hands?

## CHAPTER XI

### A "PROTECTIVE" TARIFF AND THE COTTON INDUSTRY

THE Cotton Industry is undoubtedly the leading manufacturing industry of Great Britain, and Great Britain produces more cotton products than any other nation.

Since England leads the world in the industry, and since she is the only great nation who retains a "Free Trade" system, it may be quite natural carelessly to conclude that her cotton supremacy is due to her "Free Trade" Fiscal system.

In order to clear up this point it is necessary to ascertain what advantages, if any, have helped her to secure and maintain this dominating position, and whether or not any of them are due to her "Free Trade" Fiscal system.

In the early history of the textile industry we find that Flanders led the world, and England was little known in the craft.

We also notice that England in that early day recognised the supremacy of this Flemish competition, and to "protect" her industry she placed a substantial export duty on English wool imported into Flanders.

About this period the religious troubles on the Continent drove the Flemish out of their own country, and it was quite natural for them to emigrate to

Lancashire, since by doing so they could not only secure religious freedom, but ply their arts in the country which produced their raw materials, and so escape the English export duty.

Thus we can see why England at once became the leader in the production of textiles. The Flemish and the English spinners and weavers combined to produce English textile products.

Another important advantage was that the climate of the Midlands lent itself peculiarly to this particular industry.

About this period the Huguenots migrated to England and also settled in the Midlands. These Huguenots were masters of the iron-working industry, and came to England not only to enjoy religious freedom, but to ply their iron-working trades near the source of the iron and coal supply and to escape the substantial export and import duties on coal and iron, both of which England had exacted about this time.

It is quite reasonable to assume that it was, therefore, due to the English Tariffs of that period that the Flemish textile workers and the Huguenot iron-workers, both of whom beat the world in their respective lines, settled in England.

At least, it is impossible to claim that they were induced to come to England by any advantages of "Free Trade" policies, which, at that time, did not exist in either of these industries.

We must, therefore, conclude that if the "Protective" Tariffs did not induce them to settle in England, at least "Free Trade" had nothing to do with it.

At any rate, they did come, and the Midlands of

England filled up with foreign textile and iron workers, and to this happy coincidence is due the fact that Lancashire sprang at once into a dominating position as a textile nation.

These textile and iron-working brains invented the steam-engine, spinning-mule, spinning-jenny, and several other epoch-making devices, and, coupling them all together, started the factory system.

Under the factory system it was found that one man with machinery could produce as much as ten hand-labourers, and thus, with one mighty bound, England sprang far ahead of all her competitors as textile producers of the world.

This advance was not in any way due to any policy of "Free Trade," but purely to domestic inventive ingenuity.

England might easily have lost this advantage had competing nations at once copied her ingenious machinery and her factory system, but, contrary to the laws of "Free Trade," England guarded against such competition by at once passing strong "Protective" laws forbidding the export of any of her machines, or even any pictures or drawings of these machines. She was, therefore, able to maintain and increase her dominating textile position in the world for many years before her factory system leaked into other countries.

Thus we must conclude that England secured her dominating position as the world's textile producers without any benefits of "Free Trade," in fact, years before the merits of "Tariffs" or "Free Trade" were first discussed.

Had England been able by "Protection" to retain her monopoly of textile machinery she would

to-day be not only the largest, but the ONLY textile producer in the world.

The first real danger to English textile domination appeared amongst the new American Colonies, which were settled largely by English.

The British Parliament scented danger in this quarter, and at once began to enact laws as foreign as possible to the principles of "Free Trade," in an endeavour to "protect" her textile supremacy.

In 1699 a law was passed forbidding the American Colonies to ship any wool, yarn, cloth, or woollen manufactures to any place whatever under penalty of forfeiture of both ship and cargo and a fine of £500.

Another law was passed forbidding the exportation to America of any live lambs, sheep, or rams under severe penalties.

In 1781 a law was passed forbidding the export of any woollen machinery; in 1782 *cotton machinery and artificers* in cotton were also forbidden.

England was leading in this industry at this time, but she foresaw dangerous future competition, and endeavoured to bolster up her position and safeguard her future supremacy by a system of most drastic "Protection" which was as foreign as possible to any theory or principles of "Free Trade." It cannot be doubted that these "Protective" measures had much to do with the delay in the development of the textile industry of other countries, and to it is undoubtedly due the fact that to-day no other nation's textile output equals that of Great Britain.

The natural climatic advantage England has, and will always retain, but it is not sufficient to overcome the artificial disadvantages in the selling markets caused by the local application of Tariffs.

England also enjoys the advantage of having and producing the best textile machinery, but not only do competing countries now secure this same machinery, but they are constantly improving it.

The one advantage which England enjoys over all other countries is skilled labour.

Skilled textile labour is not taught in a year nor even in a generation, and the great advantage enjoyed in England is that she has labour where father, son, mother, and daughter have for generations trained their fingers to the delicate art of spinning. This is a British advantage not at all due to the Fiscal question, and it is one which Britain cannot expect to retain, since other countries are constantly taking her skilled labour away from her, and in time they too will have skilled hereditary textile labour.

The other advantage enjoyed by Great Britain is the "reputation" of her textile products.

We can see at a glance that none of the advantages which Britain has over her competitors are due to "Free Trade," and that all of them could be easily destroyed except the one—climatic advantage.

Now let us see how Great Britain can best maintain her dominating textile position.

Great Britain could easily manufacture all the cotton products required by the world, but she could not profitably produce any more than she is able to sell. Her advantage would be of no use unless she could sell her products.

In case British textile products were barred by "Prohibitive" Tariffs from all the markets except that of the British Isles, then it would naturally follow that her production must be limited to a total quantity sufficient to supply the British Isles demand, which

would at once reduce the total of her products far below that of several other countries.

Now the United States, Germany, France, and Japan are all producing great quantities of cotton manufactures, and, in fact, each of them is constantly and enormously increasing its textile output.

At the present time British cotton producers have free access to the home market of the British Isles, which they share with foreign producers to the extent of some £10,000,000 which were imported freely in 1912.

The British producer sold to other countries in 1912 cotton goods to a total value of some £104,000,000. Let us see of what this foreign market consisted, and whether under "Free Trade" it would probably be improved. The following list will show how great is the present Tariff handicap under which the British cotton producers suffer in the world's leading "Protected" markets:—

	% <i>ad valorem</i> on Piece Goods.	% <i>ad valorem</i> on YARNS.
United States . . .	60 to 88	45 to 48
Germany . . .	38 „ 49	9 „ 15
France . . .	36 „ 51	14 „ 20
Russia . . .	169 „ 246	70 „ 76
Austria-Hungary . .	47 „ 65	14 „ 17
Italy . . .	29 „ 52	14 „ 19
Belgium . . .	22 „ 28	6 „ 7

From this table we can see that British cotton products cannot be sold in these markets in competition with local products, and that even the present limited foreign market will be entirely destroyed if,

and when, the home producer in these countries shall have become able to supply their home demands.

It is, therefore, quite easy for us to understand why only one-tenth of the British cotton exports go to the "Protected" countries, and why nine-tenths must be sold to unprotected countries such as China and the British Colonies.

It is absolutely certain that the cotton production of these "Protected" countries is growing steadily and rapidly, and that not only will the United States, Germany, France, Belgium, and Japan soon produce all the cotton goods they require, but they will then become actively dangerous in the free Colonial, Chinese, and British markets, provided they are not barred from these markets by a system of Tariffs.

We must conclude, then, that the one-tenth of the present British cotton exports now sold to "Protected" countries will soon be lost, and when this does happen the British export sales will be reduced by one-tenth, or by, say, £10,400,000, which is now sold to "Protected" countries.

Let us see how rapidly the cotton industry is gaining in some of these leading "Protected" countries.

In 1850 the United States cotton mills used up 422,626 bales of 500 lb. each of their own crop.

In 1880 their mills used 1,865,922 bales; in 1900 they used 3,603,516 bales; and in 1910 they used 4,516,779 bales; and in addition to this home-grown cotton the United States are using about 158,000 bales (one-fifth of the crop) from Egypt and the South Sea Islands. This shows that the United States are now milling over ten times as much cotton goods as they were sixty years ago. In 1850 they used one-sixth of their crop, and in 1910 they used one-half of their

crop, but the crop in 1850 was 2,454,000 bales, and in 1910 it was 11,965,000.

In 1897 there were 17,450,000 spindles in the United States cotton mills, but in 1911 (fourteen years later) there were 29,500,000 spindles, an increase of 67 percent.

This increase is continuing, and it is absolutely certain that in a comparatively short time the United States will have abundant mill capacity to produce all the cotton they require, and, if they continue their "Protective" Tariffs, British cotton goods will then be practically barred from the United States markets.

It is startling to note that in 1910 the United States mills used up 4,516,779 bales of American and 158,000 bales of Egyptian and South Sea Islands cotton (total 4,674,779 bales), while that same year British spinners only used 3,202,000 bales of American cotton and 787,756 bales of Egyptian and South Sea Islands Cotton (total 3,989,756 bales).

This is actually nearly 700,000 bales less than the United States used from these three crops, and must force us to conclude that the day is not far distant when the British production of cotton will no longer be the largest in the world.

Similar advances are being made in the "Protected" countries of the Continent.

From 1886 to 1910 we find that the Continental cotton mills have made the following progress in their capacity :—

In 1890 they took 1,995,000 bales of the American Crop

„ 1895 „ „	2,521,000	" "	" "	" "
„ 1900 „ „	3,566,000	" "	" "	" "
„ 1905 „ „	3,837,000	" "	" "	" "
„ 1910 „ „	4,417,000	" "	" "	" "
„ 1910 „ also „	388,000	"	of Egyptian and South Sea Island cotton	-

making a total of 4,805,000 bales from these three crops against a British consumption of only 3,989,756 bales of the same crops. That is to say, some 815,000 bales less were used by British mills than by Continental mills.

The number of spindles in Continental mills in 1897 was 31,350,000, and in 1911 there were 43,000,000 spindles, an increase of 37 per cent, while the British increase in the same time was only 22 per cent.

During 1906-9 the British mills were unable to sell their products, were running on short time, and in great distress, simply because there was no market for their products and they had too many spindles for their trade.

Cotton spinning by power began in Japan some fifty years ago, but until after the Japanese-Russian War there was little progress made in this or any other industry in Japan. Since that war, however, Japan seems to have awakened, and she is, in every direction, showing extraordinary activity and expansion—especially is she rapidly developing her textile production.

The export of British cotton goods to Japan during the years 1906 to 1909 averaged 112,759,900 yards per year ; but for the next three years they only averaged 89,101,533 yards, which indicates that Japan will not only soon be able to supply her home demand, but will have a surplus which she will sell in the Chinese and Indian markets, unless she is prevented from doing so by a Tariff. In this way she will not only cut the British goods out of the Japanese markets, but she will reduce the sale of British products in China and India.

Japan has an enormous supply of cheap labour, and

her mills now pay only one shilling per day for male and eightpence for female operators. In addition to this advantage, she is located at the very door of the Chinese and Indian markets, with great freight differentials and a proximity which would enable her, especially in China, to cultivate and capture the trade.

The one great disadvantage she suffers at present is her distance from and her high freights on American raw cotton, but on the completion of the Panama Canal this handicap will be much lessened, and American cotton can be loaded at a Southern port and delivered by sailing vessels to Japan at almost the same price as it can be shipped by rail from the Southern plantations and sent to Europe via an Eastern American port.

Some idea of the advance which Japan is making can be formed by reading the following extracts, taken from the "Report on the Trade of Japan in the Year 1912," by Mr. E. F. Crowe, the British Commercial Attaché at Tokio. The report shows that in the cotton industry alone new mills have been established and existing mills extended to the number of 36, whilst other industries show unmistakable signs of activity and development. Commenting on two tables which show an increase in the imports of raw material and a diminution of manufactured imports, Mr. Crowe says :—

"The two tables afford a good illustration of the tendency of trade in Japan during recent years, viz. the increase in the imports of raw materials, semi-finished articles and machinery, and the decrease in manufactured goods, and, with a few exceptions, the results are what might have been expected in consequence of the revision of the tariff."

The menace to Lancashire's staple industry is shown in the following passage :—

"The importation of cotton piece goods has been one of the oldest and most important lines of business done between the United Kingdom and Japan, and as it has been the mainstay of some of the old-established foreign houses the time has come for them to reconsider their position, for it is clear with the increase in the tariff the day is close at hand when all but special qualities of grey shirtings will cease to be imported."

That revenue has not been sacrificed to the development of internal industry is clear from the following statement :—

"The total amount of import duties collected has increased from £4,288,268 to £5,945,500, or by nearly 50 per cent, and from a purely revenue-producing point of view the tariff has, therefore, probably proved satisfactory to the authorities of the finance department."

We must conclude that, not only will the present high average of "Protective" Tariffs be continued in Tariff countries, but it is safer for us to assume that other countries will follow their example, and that the general average of Tariff handicap against British cotton products in the world's markets will increase rather than diminish.

If this is to be true, then the British cotton producer must either pay the foreign duties out of his own pocket and still sell his goods to the foreign consumer at a price to compete with the foreign makers' price, or he must add the duty to the price to the consumer.

Now in cases such as the United States, where the *ad valorem* duty on piece goods is from 68 to 88 per cent of its value, it is quite absurd to say that it is possible

for the British producer either to cut his price 68 to 88 per cent or to add this sum to the selling price of his goods and expect the American public to buy them at such an exorbitant price.

Broadly speaking, there is, then, but one possible result such Tariffs can have: they will simply keep British cotton goods out of these markets just so soon as home production equals home demand.

Therefore, if Tariffs do continue abroad, the British market will gradually be reduced until finally it will be confined to the British Empire and a few non-productive markets in which British goods must successfully meet the products of Japan's cheap labour and those of the United States and Continental mills.

If this does happen, and after it has happened, it will then be absolute folly for anyone to measure the world power of the British cotton industry in spindles.

At present we hear leading cotton operators boasting of the dominance of Britain in the world's trade because she has so many more spindles than any other country, but seldom do we hear them weighing up British chances from the selling-market point of view. What will it matter in 1930 if there are 100,000,000 more British spindles than other spindles, if there is only market for 30,000,000 British spindle products?

Not only is the market for Lancashire cotton going to be reduced in "Protected" countries, but it is just as sure to be reduced in certain Colonial and other open markets.

In India, according to the speech of March 17, 1913, made by Sir Guy Fleetwood Wilson, Finance Member of the Indian Legislative Council, Great Britain holds 49 out of 72 million sterling of the entire Indian imports. Fully one-half of this import trade consists of

Lancashire cotton piece goods. Now India is beginning to grow cotton, and in time to come the Indian cotton crop will undoubtedly be a substantial one. India is also beginning to produce cotton goods. To-day she has 253 mills, 6,521,000 spindles, and 86,200 looms.

In time to come, when India has the advantage of home-grown cotton, together with her very cheap labour, it is reasonable to conclude that her home cotton products will further reduce the Indian market for Lancashire products.

Lancashire products will also encounter with increasing punishment the severe competition of other countries in the Chinese markets.

It is difficult to see how the "Free Trade" British cotton producers get any comfort or cheer out of the fact that in 1912 they exported to Germany some £7,000,000 worth of cotton goods, when Germany imported into Great Britain that same year £5,500,000 worth of her cotton products. That year the Germans bought £5,000,000 worth of British yarn, and made it into, say, £9,000,000 worth of piece goods, and at once imported £5,500,000 worth of those piece goods back to Great Britain to compete with Lancashire piece goods in the English market. In other words, that British yarn was turned into German cloth, and the Lancashire producer met one-half of this cloth competing with him in his own home market and the other half either in the German market or the Eastern market.

The average Tariff in Germany against British piece goods is from 38 to 49 per cent *ad valorem*, and if Great Britain had an equal Tariff on German piece goods, then that £5,500,000 worth of German piece goods would never have been sold in England.

Why boast about exporting in 1912 £995,000 worth of British cotton goods to France when the French imports to Britain amounted to £570,000 duty free? Why cheer because the exports to Belgium amount to £1,410,000 when Belgium imports amount to £1,049,000?

No! It must be evident to anyone who is open to conviction that the foreign "Protective" Tariffs are seriously militating against the Lancashire cotton trade, and they must ultimately drive Lancashire out of these markets by fostering internal production until it equals internal demand.

At present Lancashire's export trade to the principal "Protected" countries is only 10 per cent of her entire exports, which is conclusive proof that the free markets are nine times as good for Lancashire as "Protected" markets, and hence the free British market must be nine times as good to the "Protected" cotton producer as it would be under a British "Protective" Tariff.

The *per capita* consumption of cotton is much less in "Free Trade" markets than it is in "Protected" countries. In other words, the Indian does not buy as much cotton goods as the French or German.

Amongst the more modern nations the higher and more scientific the "Protective" Tariff, the greater is the *per capita* consumption of cotton goods.

The high "Protection" in the United States has resulted in a scale of general wages about two and one-third times as high as those of England, and we must also note that the *per capita* consumption of cotton in the United States is  $24\frac{1}{2}$  lb., while that of Great Britain is  $7\frac{1}{2}$  lb. It is reasonable to assume that the high wages have created that high *per capita* cotton con-

sumption. Now since wages in the United States always went up under "Protection" and always fell under "Free Trade" Tariffs, it is reasonable to conclude that the high wages are due to the "Protective" Tariff. If this is so, then not only would wages go up in the British Isles under "Protection," but so would the *per capita* consumption of cotton. If, therefore, the British wage finally equalled that of the States, it is just to assume that then, too, would the British cotton producers sell 24½ lb. of cotton *per capita*, which would give him a home market some 765,000,000 lb. (1,330,000 bales) greater than it is now.

Certain it is that the best selling markets are the "Protected" ones from which British goods are practically barred.

Equally certain is it that Lancashire is driven to the worst, or free, markets where *per capita* consuming capacity is lowest; but, worst of all, the present "Free Trade" Fiscal system not only keeps her home *per capita* consumption capacity at the lowest standard, but it leaves this market open to and divides it with the foreign cotton producer.

I once asked a prominent Lancashire spinner why he favoured "Free Trade" and objected to a "Protective" Tariff.

*His reply astounded me.*

He gave three reasons :—

1st. Because if England placed a "Protective" Tariff against the United States, the States would probably retaliate by putting an *export duty* on *raw cotton*, and thus cripple the Lancashire cotton industry.

- 2nd. That in "Protected" countries the capital investment of a mill was thirty shillings per spindle, while in "Free Trade" England it was only *twenty shillings* per spindle.
- 3rd. That *Tariff* conditions would so much *increase* the price of production that the Lancashire producer could not *successfully compete* with the German, French, and American products in the *markets of the Far East*.

His first objection, which, no doubt, had worried him to a considerable extent, was purely the result of ignorance, because export duties on United States products are distinctly forbidden in the written Constitution of the United States. When the Constitution was being framed, and the union of the thirteen original States was being completed, the State of South Carolina refused to join the Union if the Federal Congress were to have the power to put an export tax on either cotton or rice, and it was, therefore, agreed on August 6, 1787, at the "Compromise Convention" that :—

' "No tax or duty shall be laid by the Legislature on articles exported from any State."

This provision still binds the United States Government, and no export duty can be levied unless and until this Clause in the Constitution be amended. There are now forty-nine States in the United States, and each State has two Houses of Legislation. To amend the Constitution of the United States it is first necessary to propose the Amendment by a two-thirds majority of both National Houses of Legislation, and after this is done it must be ratified by both Houses

of Legislation in three-fourths of the forty-nine States. It would, therefore, be impossible to secure the consent of the cotton-producing States to an export duty on their chief product in the world's markets, and without this consent such an amendment could not be carried.

*This kills his first reason.*

In his second and third reasons he agreed that Lancashire has *all the spindles she needs*, and that they were *twenty-shilling* spindles. What she wanted was *sales enough to keep them all busy*.

Now Lancashire is nearer the markets of the Far East than either Germany or America. Most of the shipments by her competitors must move in British bottoms, and Insurance must be paid to British brokers, and yet with twenty-shilling mills against the *thirty-shilling capital charge* of her competitors, and with even equal labour charges, if the Lancashire producer cannot undersell his competitor, then what he needs is a *German or American manager*, for there is *no sensible handicap except in Lancashire's favour*.

If we agree that his cost of production will be increased by a Tariff, we acknowledge that under a Tariff the *wages* of at least the Cotton Operatives *will advance*.

If you sit in a railway carriage and look out of the window you may gain the impression that the earth is flat, but if you get up high enough and take a sufficiently broad view, you will alter that opinion, just as a complete view of the question will convince you that *all wages* and therefore *all home-purchasing capacity* would advance if the wages of cotton operatives did so under a new Tariff.

Now in a general Tariff it is not fair to assume that

any increase of wages will occur in the Cotton trade only.

We must grant that if there is any it will be a *general advance in all trades*. Let us assume we are right in calling labour a mere two-day medium of exchange, and that the more they earn the more they buy; then let us assume that the advance is such as to make the final British level equal to that in America. We are right then in concluding that with equal wages they will buy an equal amount of cotton. Look over your factory labourers in the streets. Do you think they look as though they had all the cotton on them and at home that they would like? If they did buy  $24\frac{1}{2}$  lb. per year each instead of  $7\frac{1}{2}$  lb., then you would increase home sales far more than you would be injured in the Eastern markets.

But the astounding part of the entire problem was that the "Free Trade" Cotton Employers in Lancashire used these same arguments against a "*Protective Tariff*" to their workmen in the General Elections, and their sections went almost solid for "Free Trade." Any workman who analysed his warning would have seen that, "boiled down," the "Free Trader" simply said to him :

"*Don't vote for a Tariff or your wages will go up,*" and the Tariff candidate was usually defeated.

Now Lancashire Cotton-spinners are largely "Free Traders," and I am somewhat perplexed when I try to analyse their mental contortions and convulsions.

First we hear them preaching that a British Tariff would ruin the British spinner, and we next see them violently accusing the Government of favouritism to the Indian spinners by allowing India to put a 3 per cent duty on cotton-manufactured imports.

A Tariff which would ruin the English spinner was going to be such an advantage to the Indian spinner that the British spinners forced the Government to levy an excise charge of an equal amount against the Indian spinner.

These same "Free Trade" cranks from Lancashire would probably argue that the Indian consumer would pay the duty he complained of as a penalty against him.

Oh, these "Free Traders," how they can hop about when cornered, and how their mental capacity lends itself to "Free Trade" arguments. They remind me of a friend of mine in Paris, who declared that "the Catholic religion lends itself to Paris life."

If the British Empire were federated into one gigantic National Union, if a sensible "Protective" Tariff wall were erected around the lot (excluding such articles as are not produced), and if there was absolute "Free Trade" between all parts of the Union, *then* and *not till then* could you keep your markets away from the foreigner, and then would you double the *per capita* consuming power of the people of the British Empire.

Now for your infant cotton-growing industry. What can be done? Don't experiment!

If your child were dangerously ill you wouldn't experiment with home remedies. You would send for a doctor who *knew* the *malady* and knew from *experience its cure*.

Has Doctor America ever had an infant industry in the condition the British cotton-grower's child is in? The American sugar industry was in exactly that condition, and what did he do for it?

In the year 1890 the people of the United States

were consuming £20,000,000 worth of foreign sugar per year and to encourage the American beet-sugar industry a Tariff of one penny per pound was put on sugar.

America then produced only one-eighth of the sugar she consumed. The Tariff on the foreign imports of sugar amounted to £11,000,000 per year, and, since the American only produced one-eighth of the sugar he consumed, the consumer paid this £11,000,000 Tariff.

The Government sent experts all over the world where sugar was grown. They tested and analysed the soil, and the fact was established without doubt that sugar could be grown in the United States just as we know cotton can be grown in the Sudan, in India, in Northern Rhodesia, British Nyassaland, and in Queensland. The legislators of the States wanted to give the people cheap sugar, and yet they wanted to protect and stimulate the young domestic sugar industry, and this is what they did :—

They removed all sugar Tariffs and saved the consumer £11,000,000 per year, or one penny per pound which was the duty), and they gave a bounty of one penny per pound to American producers. The bounty amounted to £1,400,000 each year, and the saving to the people was, thus, £10,600,000 per year, and yet the industry still had its same protective advantage of one penny per pound.

Under "Protection" the United States sugar industry grew to such an extent that to-day the sugar of the world is controlled by Americans.

Great Britain could grant a bounty on British-grown cotton if she chose, and thereby turn the wild animals and deadly diseases out of her virgin, fertile, un-developed colonies and transform them into flourishing

cotton fields, which would, in time, not only place the Lancashire cotton industry in an independent position for her supply of baled cotton, but so increase the supply of cotton as to reduce the price, and thereby greatly increase its uses, and at the same time turn wild, useless districts into thriving agricultural communities, which would take their share of the public burdens and help to feed the Empire with all of Nature's needed blessings.

A few years ago I witnessed a disgraceful scene on the floor of the Manchester Cotton Exchange. Mr. Patten, an American cotton factor and speculator, visited the Manchester Exchange, and the crowd of local cotton brokers and dealers set upon him much as you might expect a crowd of hungry wolves to set upon a lone sheep. The man was pushed, insulted, and would certainly have been seriously injured had he not taken refuge in a neighbouring building, from which he was rescued by the fire brigade, removed through an unused emergency door, and hastily driven to the railway station, where he embarked for Liverpool, while an excited and infuriated crowd filled the streets in front of the building in which he had taken refuge. The crime which Mr. Patten had committed which had so inflamed the Lancashire cotton men was this :—

It was believed that an influential group of American financiers, headed by Mr. Patten, had bought up the whole American cotton crop and had raised the price of cotton to the operator and buyer enormously. Lancashire was powerless to help herself, and, driven into a corner, furiously vented its disappointment upon Mr. Patten.

This incident ought to awaken the Lancashire

operators and cause them to cease to prate of the permanent independence of the Lancashire cotton industry, and not only to recognise the almost pitiful dependence of that industry upon others, but lose no time in doing what is possible to safeguard it.

In the last ten years the American cotton-growing acreage has increased 32 per cent, but the production has increased only 11 per cent, which is not only proof that the land is being impoverished, but that future American crops will not be less easily cornered, and that the American crop has practically reached its maximum, while in the same period the value of the crop has gone up 117 per cent.

In the last twenty years the world's consumption of cotton has doubled, and if the demand continues to increase the crop outside America must increase in proportion or the price of cotton will go up to whatever price speculators care to put it.

Thus you will see that while Nature gives Lancashire the spinning climate, Nature has given the American the cotton. *As a spinner which would you rather have?*

By Nature the American gets the cotton and by her laws she gets the big order.

Now if American spinners are intelligent they will see that, since they have all the cotton, they can by buying all that cotton *keep the Lancashire mills from making any cotton goods.*

Then if they would spin and weave all this cotton and ship it in the piece, instead of the bale, no one in the world could buy cotton goods except from America, and thus they would not only control the American market, but all the markets, no matter what Tariff laws were enacted against them abroad.

This is precisely what America is doing just as rapidly as she can put down mills and educate employés.

She has grown in this manner until her output of cotton goods is now rapidly approaching that of England, and her capacity is increasing by leaps and bounds, and at any moment you may expect some giant American financial group to see this easy method of taxing the people of the world, and you may any morning read in your breakfast paper that a new American company has been formed with a stupendous capital sufficiently large to finance and manufacture the American cotton crop.

What would then become of Lancashire's climatic advantage?

The only way Lancashire could then make profits out of the cotton trade would be either as jobber of American cotton goods or as owner of some of the American Cotton Trust's shares at their high market prices. Already American financiers buy the crop and control the price to Lancashire, why should they not spin and weave it?

In this age of gigantic high finance it is surprising that this has not already been done.

*How can Lancashire protect herself from this possibility?* She must keep all the markets for finished products away from the American mills as long as she can, and retard their growth as much as possible. She must, by keeping them out of foreign markets, discourage as much as possible the building of increased spindle and weaving capacity in America, and while doing this, she must develop her cotton-growing lands, hoping that before the blow falls she will be able to grow her own cotton on British soil.

Great Britain has it in *her own power now*, by placing a big "*Protective*" Tariff on cotton goods entering the British Isles, to keep American cotton products out of *at least the British Isles*, which contain about 45,000,000 people.

The British Empire consists of one-fifth of the earth's surface, it has a control of the earth's water, and includes one-fifth of all the people or *buyers* on earth, and, if in addition to placing a Tariff on American cotton goods coming into the *British Isles* you could devise some scheme of laws whereby you could also keep American cotton products out of the *whole British Empire*, you could in this way keep for yourself the *monopoly of all this one-fifth of the world*, and at the same time prevent the American producer from manufacturing all the cotton unless and until he actually did complete a perfect controlling "Trust." Even though he did eventually complete this "Trust" you could in the meantime not only have been enjoying greatly increased markets and prosperity free from unreasonable competition, but you would also have largely developed your own cotton-growing capacity and have improved the buying capacity of your own markets.

This can easily be done by *Federating the British Empire* as outlined in another chapter.

## CHAPTER XII

### THE EFFECT OF A TARIFF ON MANUFACTURING AND LABOUR

"WHEN labour is highest there is the largest demand for it."

The wealth of any nation depends upon the products of the brain and brawn of her peoples.

In the history of England few reforms for the benefit of the labourer have ever been granted until it has become dangerous to withhold them any longer. Great Britain is supposed to have a popular, democratic form of Government of the people, by the people, and for the people, and yet, strangely enough, although the business men and labourers have a vast majority of the voting power and the heaviest proportion of taxation, they secure little Parliamentary representation and few measures of protection.

The selection of candidates for Parliament is made by a body of men of wealth, the expense of election is paid by men of wealth, and the Member himself must be a wealthy man or he will be practically unable to perform his duties on the meagre £400 per year which his office now pays.

The measures which are passed by Parliament are framed with a partisan view of securing a maximum of votes with a minimum supply of benefit, and are usually designed to please the labourer by proposing

to pull down the wealthy class rather than by lifting up labour.

This is about as satisfactory as it would be for a doctor to advise an anxious husband that he could not cure his ailing wife, but that if it was all the same to the husband he—the doctor—could give him some drug which would make him as miserable as his wife.

The Increment Clause of the 1909 Budget promised little benefit to labour, but sought instead to make him more content with his pitiful lot by severely punishing property owners.

The *Old Age Pension Act* provided no way for the labourer so to increase his earnings as to enable him to escape starvation, or retain his self-respect in old age, but it merely increased taxes to accumulate a sum to be doled out to him as charity if and when he became old and infirm.

It penalised him during his producing years in order to reward those who succeeded in reaching both old age and failure.

Any labourer who failed to reach old age, or who managed to save enough to avoid the pitiful embarrassment of accepting public charity, would under this measure have suffered the penalty during his producing years, and escaped all its benefits in his old age.

The *Insurance Act* forced labour to set aside a badly needed portion of its already insufficient earnings, to which would be added an additional sum, made up of money either filched from his employer or secured by increased taxation.

In any case, this money never provided any benefits to any men who continued to be both healthy and industrious.

Practically none of the other measures passed during

the last ten years has been designed to affect labour one way or the other, and none of these measures mentioned ever hoped to improve the earning powers of the labourer, but sought only to assist him in hoarding his earnings or to reward him if he failed.

The Government secured office, and retained office, by the labouring men's votes, and then failed to concern itself with any measure which could increase the voters' earning capacity.

Not only does the British labourer furnish a large proportion of the votes, but he produces almost all the wealth of the nation, and he furnishes from amongst his numbers, both in times of peace and war, the entire army and navy.

In case there is war, and Great Britain is in danger of foreign armed invasion, the labourer either cheerfully takes up his rifle or he is drafted forcibly into a compact "line up," and this body moves against the enemy, a solid mass of human targets for foreign-made bullets.

If he succeeds in defeating the enemy, and repulsing this armed invasion, he is disbanded, and turned loose to "scratch or starve," and the Government, which he has so nobly and successfully defended, refuses to protect him from a continuous and much more fearful foreign industrial invasion.

If he is a silk-worker in search of work, he is told that the silk is made abroad cheaper, and therefore there is no home silk work.

If he is a truck farmer, he finds that his foreign enemies' goods are the cheapest in his own market, and there is no work.

If he is a factory labourer, he is told that his late enemies are doing his work and that the goods which

he could produce are imported, so that the "home consumer" can buy his supplies in the cheapest market.

In fact, he finds that the glorious Government which he just fought for had concluded to adopt a Fiscal plan under which they would advertise the work they had to do all over the world, and anyone could have the job who would do it the cheapest.

The soldier boy was not needed, they could get the work done cheaper by the Chinese, or by the convict labourers of other countries.

Let any Government, any politician, or any labourer answer this question :—

Is it, or is it not, fair, just, and necessary for a nation to protect from unfair foreign *industrial* invasion those of her labouring citizens who must protect the nation from foreign *armed* invasion ?

Yes or no ? Consumer or no consumer, votes or no votes—is it fair ? Should it be done ?

No Government, party, or politician can reply that they do not know of any plan or law which would protect home labour, because they do know such a plan, and they know all about it.

It is called a "Protective Tariff," and it has been used in the United States, for this very purpose, almost all the time since 1789, and its use for this purpose has been prominently disputed and bitterly fought out in thirty-one American General Elections and one Civil War, and its practical usefulness has been so thoroughly proved that not only has Germany, France, and every other civilised nation—except Great Britain—adopted it, but its "Protective" merits are so well known to the voters of those countries that no political party in any of them dares to suggest its removal.

It is not a theory or an experiment, but it has been proved absolutely, and its merits are so well and generally known and conceded that the British governing political party must know its value, and they are therefore wilfully, stubbornly, and wickedly withholding from British labour that system of "Protective Tariff" which all other nations have provided for their labourers. It is nothing more than a system of finance which preserves for British labour the sacred right to do British work at a decent wage.

Convicts, slaves, and naked savages, who receive little or no wages, produce enormous quantities of products, and it is not fair, just, or reasonable for the British Government to allow these foreign products to enter the country and destroy the Briton's job. The naked savage labourer has no expense for clothing, but if the Briton lived as cheaply he would be arrested and punished by the Government. The foreign producer pays no British taxes, but if the British producer of the same goods refused to pay British taxes he would be severely punished.

But apart from the lack of justice and equity in the present British "Free Trade" system, it is not even a good business system for the *Government*, the *Consumer*, the *Producer*, or the *Labourer*. "Free Trade" is, in fact, an antiquated system which has long been discarded by every other country and is ridiculed by any foreigner who ever hears it recommended. On the "Free Trade" question Great Britain is simply standing on its head and shouting that everyone else is upside down.

How does "Protection" affect labour? To repeat an example which we have already quoted in

the case of the Lancashire cotton producers, let us assume that two men have decided to establish a factory for the manufacture of electric motors.

One suggests locating it in Trafford Park, Manchester, because of its central distributing advantages, its splendid service of railways, and its proximity to the great ship canal.

The other suggests locating it in Germany, because in so doing the firm could sell their products in both the British and German markets, while if they located it in England their products would be barred from the German market by the German "Protective" Tariffs.

That factory would no doubt be built in Germany by German bricklayers and other labourers, and after it was built it would be operated by German labourers.

Further than that, the bricks and other material used in its construction would be made by German labourers, and thus you can see whether or not the English or German labourer suffered or gained by England's "Free Trade" and "Germany's Protective Tariff" systems.

But this does not end the loss which English labour will suffer by this transaction.

Let us follow the career of this new German factory.

Let us assume that in two years after this new German factory starts the value of its output of electric motors for one year amounts to, say, £10,000, and they have all been sold in Germany.

One of the partners then calmly suggests doubling the output for next year. His astonished partner asks where in the world the surplus could be sold? Whereupon they proceed to make a few calculations, with the following result:—

They find their £10,000 output, which was sold in Germany, resulted in a 20 per cent profit to them. The accounts, we will say, stood as follows :—

	£
Cost of German material . . . . .	3,000
" labour . . . . .	3,000
German rent, rates, taxes, and general expenses	1,000
Living expenses of the two partners at £500 each	1,000
Net profit to the firm . . . . .	<u>2,000</u>
Total	£10,000

They find that if they made £20,000 worth of products their rent, rates, taxes, and general and living expenses would be nearly the same, so that the second £10,000 worth could be made 20 per cent or £2000 cheaper than the first, besides which they could buy double the material at a lower price, and by doubling the output they could afford to put down more economical machinery.

The result is they conclude that by doubling the output they can not only cheapen the cost on the first £10,000 output, but they can sell the second £10,000 output in England at 20 per cent less than the German price, and still make the same profit they made on the German sales.

Thus we can see that they can sell their motors in England at the cost price of the English motor and still make 20 per cent profit.

Even if these German sales are made in England at prices below the German cost, and even if the English buyer gets a better price than the German buyer, the transaction is still a profitable one for German labour, for they get the extra work at the same wage. The German employer does not say to his workman, " We

will pay you so much on this German job, but here is a job for the English market, and you must work cheaper on it."

Even "dumping" helps the workmen of the "dumper."

How can the Westinghouse factory, which is located in Trafford Park, Manchester, secure this order from an English buyer when the buyer can purchase it in Germany as cheap as the Westinghouse plant can produce it?

If the Westinghouse factory loses this order, then their English labour is not employed to produce it.

This is exactly why many labourers have been discharged from the Westinghouse works during the last few years.

If a British duty, equal to the German duty, was laid on motors, then these German motors would not come to England, and the English factory would get the order, and English labour would make the motor, and thus labour would be more in demand.

We can see, then, that so long as that new German factory exists, and is allowed to ship her goods freely to England, just so long will it continue to injure British labour.

"Free Traders" will argue that the German factory cannot compete in the manner I have just described because, on account of their Tariff, their material and cost of production will be so much more than British costs.

That this is not true will be seen from the following "cutting" taken from the London "Morning Post" of May 22, 1913:—

## “ BRITISH STEEL AND BRITISH CONTRACTS.

“ The ‘ Shipbuilding and Shipping Record,’ commenting on the contract for the dock gates and swing bridges required by the Port of London Authority for the East India Dock extension, which has been placed in Germany, states that the price at which the contract has been taken is not one that would have left any profit to any firm in this country, but as the specification issued by the Port of London Authority called for the use of British steel and other material, it is a matter for enquiry as to whether the German firm will be required to conform strictly to this specification, as otherwise the British firms tendering for the work consider themselves aggrieved in that their prices could have been materially reduced had they been permitted to base their tenders on the use of German material, which is obtainable in many instances at 30/- a ton lower than that of British structural material.”

At a glance we see that the British firms are complaining that in their tenders they were forced to furnish British material, and could have reduced their quotations had they been permitted to furnish German material, which is “ *cheaper* ” by some 30/- per ton.

In this particular case, the German contractor slips right into London City and “ lands ” a very choice order, much to the benefit of German labour, and much to the injury of English labour.

This German contractor will receive a handsome profit in “ Port of London ” gold, and he will escape with this gold to Germany scot-free, while had this profit gone to the British contractor the British Government would have forced him to pay a substantial sum out of it in Income Tax and another ultimately in Death Duties.

No wonder the German can underbid the home

contractor, and the German labourer does the Englishman's work and receives his pay.

A "Protective" Tariff would either have kept this order at home or it would have forced the German firm to pay an equal, fair, *pro rata* share of the expenses of maintaining the British Government.

The present "Free Trade" system of Great Britain rewards you for living abroad and supporting a competing nation, and penalises you for staying at home and helping to defend and support your own land.

The rates and taxes paid by home manufacturers are a considerable item of expense in their cost of production which the foreign competitors do not have to meet.

It is estimated that on every £100 worth of everything the Britisher produces he must pay from £12 to £15 in imperial and local taxes.

This means that, say, £12 is added for rates and taxes to the cost price of a £100 British-made motor, and nothing is added to the foreign-made one.

How, then, can the British motor manufacturer undersell the German in either market?

Let us assume that British and German rates and taxes are equal (which they are not), and that the German producer pays £12 rates and taxes to the German Government on each £100 motor he sells in England, and nothing to the British Government.

If the British producer sells a £100 British-made motor in Germany what happens?

The British producer pays £12 rates and taxes to the home Government, and he pays in duties another £12 to the German Government.

In 1911 British producers not only paid the whole

expenses of the British Government, but they paid in duties to foreign Governments a total sum of over £80,000,000, which helped to run those other Governments, while the British Government received from the foreign producers *not one farthing*.

This money was paid as follows :—

	£
Duties paid on exports to Germany . . . . .	8,625,000
"    "    "    France . . . . .	7,514,000
"    "    "    United States . . . . .	18,255,000
"    "    "    other Tariff countries . . . . .	31,081,400
"    "    "    the Colonies . . . . .	<u>15,620,000</u>
	Total    £81,095,400

We can see, then, that in 1911 not only did the British producer pay the whole of the £300,000,000 of Imperial and local expenses, but he also paid £81,000,000 of the expenses of other Governments.

Is it fair? Is it reasonable? Can he keep it up?

Thus you can see that the "Protected" foreigner has the "Free Trade" producer "going and coming."

Let us see how much this amounted to in 1912 to the British producer and labourer.

In 1912 foreign producers sold to British buyers over £200,000,000 worth of goods which British labour could have produced.

This £200,000,000 was more than half labour. Foreign labour, then, received in 1911 £100,000,000 in wages which could and should have been paid to British labour.

This £100,000,000 wages would have furnished a year's work for 961,538 British labourers at £2 per week each.

If a Tariff of 35 per cent had been placed on the £200,000,000 worth of foreign goods mentioned, what would have happened?

Either the foreign shipper would :—

1. Not have shipped his goods into Great Britain, in which case the goods would have been made by British labour, or

2. He would have paid to the British Government the handsome sum of £70,000,000, which would have given the Government enough income from these duties to enable her to remove—if she chose—all the present duties on the working-man's tea, sugar, cocoa, coffee, tobacco, spirits and wine, and thus cheapen them greatly, and leave almost £37,000,000 per annum over for the reduction of the National Debt.

Between 1891 and 1911 (twenty-one years) the United States producers sold in Great Britain £1,407,861,000 more goods than the British producer sold in the United States, simply because Great Britain had "Free Trade" and the United States had "Protection," and would not let British goods enter the United States. The average for twenty-one years was £67,000,000 per year in favour of the American producer and his labourer.

Since the Cobden "Free Trade" law of 1846 this British trade balance loss has amounted to a total of over £5,500,000,000, which the foreigners sold Great Britain in excess of what they allowed Great Britain to sell them.

If half of this was labour loss, then this "Free Trade" law has cost British labour in sixty-seven years a sum equal to about *one-sixth* of the entire value of all the wealth of all the people of Great Britain.

Let us examine the following partial list of foreign-made goods which were freely sold in Great Britain in 1911:—

	£
Wearing apparel . . . . .	5,199,000
Meal and flour . . . . .	5,277,000
Cutlery . . . . .	5,273,000
Electrical goods . . . . .	1,435,000
Glass and earthenware . . . . .	4,049,000
Machinery . . . . .	5,768,000
Finished iron and steel . . . . .	11,133,000
Motor-cars and parts . . . . .	5,991,000
Cotton yarns and manufactures . . . . .	11,279,000
Woollen , , , , .	9,586,000
Silk , , , , .	13,441,000
Other , , , , .	7,894,000
<hr/>	
Total	<b>£86,325,000</b>

Examine this list carefully, and answer the following ten questions:—

1. Had British labour any benefits from any of these articles before they arrived ?
2. Had foreign labour ?
3. Did the British Government receive anything out of them ?
4. If they had been taxed would the British Government have received any revenue from them ?
5. If they had been barred by a "Protective" Tariff would Great Britain have had a famine in any of them ?
6. Could they have been produced at home ?
7. If they had been produced at home would home labour have benefited ?
8. If they had been made at home would there have been more demand for home labour ?

9. If they had been barred from entry would it have caused the price of food to go up?

10. Try to find *one single reason* why it was better for British capital, labour, or the nation to admit these goods freely.

Let us see what is the present condition of the British labouring man.

In reading the 1913 Budget speech of Mr. Lloyd George in the House of Commons we notice his report that out of 425,000 adult deaths in 1912 there were 350,000 who left no property.

The astounding fact is that thirteen-seventeenths of the grown people who died in 1912 had spent their lives working in Great Britain and had been unable during their whole lives to accumulate any taxable property.

We must assume that thirteen grown people out of every seventeen in Great Britain (this must represent the whole of labour) spend their lives working practically for their keep.

But are they kept?

If the whole of the labourers in Great Britain had been slaves worth £200 each, belonging to the three-seventeenths, they would have been better fed, better housed, better clothed, and have received better medical attention than they did receive, and would have had less worry, happier lives, and would have left, perhaps, the same property at death.

You must concede, then, that British labour is in a worse condition, as far as their material welfare is concerned, than if the labourers were slaves.

You cannot then claim that they do not need "Protection" and improvements if there are any you could give them.

The British worker's family averages five in number, and the average weekly wage is 25/9.

Could *you* keep a family of five on twenty-five shillings and ninepence per week?

About 2,000,000 people are living on public charity and old age pensions, while millions more are fed by private charities.

The private charity of the City of London alone amounts to over £5,000,000 per year.

The annual British charity bill (including Old Age Pensions) amounts to more than the *interest* on the National Debt.

At Christmas time every big newspaper in England contains columns of advertisements of hundreds of British charities which cry out for funds with which to help the starving.

I will insert here a few inches clipped from the second column of the front page of the "Morning Post" of January 22, 1914.

Where else in the world can you find such a public confession of national inability to furnish sufficient honest industry to care for the people?

### **T**HIS WINTRY WEATHER

may be "seasonable," but it is causing much suffering to many poor people in Hoxton, especially to

#### **THE VICTIMS OF GENUINE UNEMPLOYMENT.**

Do please help us to provide gifts of coal so that  
FIRES may be lighted IN EMPTY GRATES,  
which unfortunately abound on every hand.

**WILL YOU kindly SEND A CONTRIBUTION TO-DAY  
to the Rev. GEORGE TWENTYMAN,  
St. John's Vicarage, Hoxton, London ?**

**I**N THIS WINTER WEATHER  
THOUSANDS OF FAMILIES ARE  
WITHOUT FIRE OR FOOD;  
and HUNDREDS of MEN and WOMEN are ROAMING the  
STREETS, HOMELESS and STARVING.

PRAY HELP  
THE CHURCH ARMY

to relieve their necessities by means of WORK,  
in King Edward's Labour Tents, Queen  
Alexandra's Labour Depots, and 100 Labour  
Homes, Relief Depots, Farm Colony, &c., through-  
out London and the provinces.

---

FUNDS, Old Clothes, and Firewood Orders (3s. 6d. per 100  
bundles) urgently needed. Cheques crossed "Barclays", a/c  
Church Army," payable to Prebendary Carlile, Hon. Chief  
Sec., Headquarters, Marble Arch, W.

---

## **T**HE DOCK SOUP KITCHEN'S SPECIAL APPEAL.

FUNDS EARNESTLY SOLICITED to maintain in efficiency  
the above well-known institution, which has been doing such  
excellent work for many years past for our UNDERFED  
Children, and is now supplying DAILY HOT FREE MEALS  
(consumed on the premises) to some 300 of our poorer children  
in this dreary, desolate region, surrounded by the docks and  
the river. Also for Coal, Grocery, and Bread for our necessitous  
poor and casually employed. Do please help us immediately  
in this NEEDFUL and URGENT WORK. Cheques and P.O.'s  
crossed, please, Union of London and Smiths Bank, 1, Lombard  
Street, E.C.

Rev. STEWART SMYTH, The Vicarage, St. Mark's, Victoria  
Docks, London, E.

Dia and Anon. gratefully thanked.

---

## **T**HE FRIENDS OF THE POOR.

---

IN THIS BITTER WEATHER  
THINK OF THE SUFFERING POOR  
AND THEIR CRYING CHILDREN.  
Without Food, without Coal.  
And send us the means to relieve their sufferings.

---

Offices, 40, Ebury Street, London, S.W.

---

### THE WINTRY WEATHER AND THE POOR.

Throughout the country thousands of needy Men, Women, and Children are applying to THE SALVATION ARMY for a helping hand, for the chance to work. They are given the opportunity to help themselves by means of the 180 HOMES AND BRANCHES of The Army's Social Operations, which house over 8,000 POOR NIGHTLY in the United Kingdom alone, and find employment for thousands daily. 1,316 Centres of Evangelistic work are also in operation.

£150,000 are needed for the Army's Central Funds alone every year. WILL YOU KINDLY GIVE GENERAL BOOTH SOME SPECIAL ASSISTANCE FOR THE WINTER'S WORK? Please address cheques, crossed "Bank of England, Law Courts Branch," to GENERAL BOOTH, 101, Queen Victoria Street, London, E.C. Balance sheets sent on application. Legacies are greatly needed. Inspection of the Homes is invited.

---

Certain it is that British labour sorely needs all the "Protection" it can get, needs it badly, and needs it quickly.

By passing a law which would make it possible for British labour to support itself, the nation would at once relieve itself of a debt almost as big as the National Debt.

If British working-men would all vote for a "Protective" Tariff they would get it at once, but they will never get one until they do vote for it, because they control a majority of the necessary votes.

If I were a British working-man, and did not quite understand the "Protective" Tariff system, I should say to myself: "I will vote for it, because it *might* help, and it couldn't make me any worse off!"

The working-man in Great Britain is studying this question to-day, and he listens attentively to the arguments of both sides, but they bewilder him.

He is like the beggar who, on approaching a dwelling

in company with one of his fellows, was met by a savage dog, who blocked the way.

"Don't be afraid," coached his companion, "he won't bite. Don't you see he is wagging his tail?"

"Yes," replied the beggar, "but he is also showing his teeth, and I don't know which end to believe!"

If he will watch the arguments carefully he will notice that "Free Trade" speakers never deny that a "Protective" Tariff will raise wages, but they warn him that although wages do go up, the cost of food and living will go up at a greater rate, so that his position will be worse than it was under "Free Trade."

So far, then, the labourer has learned from both sides that a "Protective" Tariff will raise wages, and he will see that it cannot raise wages unless it increases employment, because so long as there are able men out of work, those men will accept a job even if they have to accept lower wages.

The labourer then has also learned from both sides that not only will wages go up, but unemployment will have disappeared, and everyone will have steady work at better wages.

Now, under any scale of food prices, this would be an improvement on the present British labour conditions. But the British labourer is still faced with the "Free Trade" statement that his food and living expenses are going up *more* than wages.

Not that it will go up as much, but that it will go up *more*, for unless it went up *more* the labourer would still be better off under "Protection" than he was under "Free Trade." So he must decide whether it will go up *more* or not before he can decide whether he should vote for a high-wage Tariff.

I have fully discussed this "high cost of living"

claim in Chapter IX, but in order to avoid too much back reference I will repeat some of the arguments in this chapter in order to apply the conclusion to the direct effect upon labour.

The "Free Trade" speaker always points to the United States and paints a horrible picture of the high cost of living the American "Protective" Tariff has caused.

Therefore the British labourer must look into this charge and find out how much worse off the American labourer is than himself.

Page 41 of the Board of Trade Report entitled "Cost of Living in American Towns"<sup>1</sup> states that the average of all United States wages is 130 per cent higher than the average of British wages. In other words, the American labourer makes 230 shillings while the British labourer is making 100 shillings. The American wages are two and one-third times as high as British wages, and American labour is fully employed.

On page 94 of the same Report it is shown<sup>2</sup> that the cost of food was 28 per cent higher (i.e. a little more than one and one-quarter times as much) in the United States than in Great Britain; while, as has been shown, wages were up 130 per cent (or two and one-third times as much).

Table of rentals taken from page 91 of the same Board of Trade Report :—

No. of Rooms per Dwelling.	England and Wales.	United States.
Three rooms .....	3/9 to 4/6	6/9 to 9/7
Four .....	4/6 , 5/6	8/8 , 12/-
Five .....	5/6 , 6/6	11/6 , 14/11
Six .....	6/6 , 7/9	13/- , 17/4

<sup>1</sup> See above, page 177.

<sup>2</sup> *Ibid.*, page 178.

This British Report shows that the average rent in the United States is considerably higher than in England, but comments that the rooms are larger, garden grounds larger, and that 71 per cent of the houses used by American labourers have six or more rooms, while in England only 41 per cent have houses as large as six rooms.

In other words, the American labourer, with his steady work and high wages, occupies a better house and pays more rent for it.

This Board of Trade Report closes on page 106 by stating that the American cost of food and rent combined is 52 per cent higher than it is in England, but that average wages are over two and three-tenths times as high in the United States, which gives American labour higher standards of material comfort and a snug bankable balance of profit in cash.

The fact is that the American labourer receives more than double British wages, and if he was content with the meagre life, nourishment, and comforts of the British workman he could save two-thirds of his wages in cash bank deposits, and in this way he would put in the bank each week, after paying for his living expenses, a sum considerably larger than the whole wages of the British labourer.

Now the British labourer has something definite to help him in deciding how to vote.

The American labourer voted for "Protection" and his wages went up to *one-third more than double*, but his food and rent cost him a little over half more.

In other words, he now earns 230 shillings to the 100 shillings he used to earn, but his food and rent now cost him 52 shillings more than they did before.

Under a "Protective" Tariff, then, the labourer in

America receives an increase in wages sufficient to pay his *food and rent increase* and still has 178 shillings cash in his pocket compared to the British labourer's 100 shillings.

If a "Protective" Tariff would make this difference in England, then the British labourer must simply make up his mind whether or not he will vote for a plan which will make him pay one-half more than he does at present for rent and food, but which will give him steady work at *two and one-third times* as much wages as he now receives.

But the "Free Trader" will contend that, in spite of figures, the American labourer is not so well off under "Protection" as the British labourer is under "Free Trade."

Let us see if he is.

This same Board of Trade Report says that in America from three to four out of every ten labourers own their own houses.

Now these Reports were all made by labourers in cities where the value of property is high.

If the Reports had included the millions of labourers who work in country districts where the labourer can buy property near his work at cheap prices, then I have no doubt it would be found that over half the American labourers own their own houses and *pay no rent at all*.

In other words, there would be more than 20,000,000 American labourers who own their own houses.

If there are only three people out of seventeen in Great Britain who own anything, then there are almost three times as many American homes owned by labourers as there are British homes owned by their occupants, no matter who they are.

We see, then, that the American labourer largely owns his own house and furniture—now let us see what else he has saved.

We find from the American records last year there were 9,800,000 labourers who had savings - bank deposits amounting to £844,000,000, while British savings-bank deposits only total some £229,000,000.

The average *per capita* savings-bank deposits of the people of "Protected" Germany, France, and the United States each exceeds that of the people of the United Kingdom.

Nearly ten millions of American workmen not only own their own homes, but have a cash bank balance almost four times as large as the combined total gold reserve of Germany, France, and Great Britain.

In addition to this wealth, we find the American labourer carries more life insurance than all the combined people of Great Britain do. We also find that he is better clothed, better fed, and works shorter hours than the British labourer.

No truthful man can assert that the American labourer is not better off than is the British labourer.

A splendid proof is found in the fact that since the United States was founded more than 30,000,000 emigrants have gone there from Europe to find better conditions, and they stay there and write for their friends to come and enjoy their new-found prosperity.

In 1906 there were 1,225,000 emigrants who entered the United States, and they continue pouring in constantly at the rate of 30,000 a week, and yet *wages stay up*.

Now what would happen in England if 30,000 emigrants landed in London every week and started

out to get the Englishman's job at any price to keep them from starving ?

Wages would go down, and there would simply be an increase of 30,000 per week in the number of unemployed who sleep in the streets and suffer from want.

There is no danger of this, however, for the foreigner doesn't want the Englishman's job, for it is not as good as his own, and therefore the foreign emigrant does not come.

There are two ways for a British labourer to improve his condition.

1. He can vote for a "Protective" Tariff, or
2. He can migrate to some "Protected" country.

Since 1907 quite 2,000,000 labourers have left the British Isles because they were disgusted with "Free Trade" conditions and "Free Trade" voters for not changing those conditions.

Over 700,000 of them went to the United States and found steady work at decent wages, and if you brought those 700,000 men back to the British Isles they would poll 700,000 straight votes for the American system of "Protection."

Each year sees an army of British labourers larger than the standing army of Great Britain marching out of the "Free Trade" British Isles as emigrants to "Protected" countries.

If all the labourers in Great Britain would march to the House of Commons and camp there peaceably for two weeks, each day presenting a demand for a "Protective" Tariff, they would before the fourteenth day receive from Parliament that "Protection" which they need and desire.

If they cannot and will not do this, then let them march to the ballot-box at every election and vote

for the candidate—of no matter what party—who pledges himself to give them a “Protective” Tariff.

Another argument with which the artful “Free Trader” will bewilder the labourer is, that it is not the “Protective” Tariff which raises American wages, but that it is the great natural resources of America. Let us see if this is true.

The resources of the United States are no greater now than they were when they were owned by the naked “Free Trading” American Indians. The value of those natural resources have depended entirely upon their *development*, and not upon their existence.

Every time the United States had a Tariff which was high enough to “Protect,” then development went on apace, and each time they reduced the Tariff too low to “Protect,” then the country stood still at first, and then fell backward, and landed with a crash in the arms of panic, which not only destroyed much past progress, but shook the commercial world.

The United States started off in 1789 with a “Protective” Tariff, and while she has always had a Tariff larger at all times than the 10 per cent Tariff that the present Unionist Party propose for Great Britain, still, on several different occasions the United States Tariff has been reduced by so-called “Free Traders” to such a low point that it did not “Protect” American labour from the importations of foreign-made goods which destroyed American employment.

Let us follow the career of the United States labourer and see if it was “Protective” Tariff or the “natural resources” which fed him or starved him. We must concede that the value of the natural resources remain the same, and, according to “Free Traders,” the condition of labour must therefore remain the same

if it was the resources which made prosperity. But the condition of the American labourer did not remain the same. At times we see starvation, misery, and suffering on all sides, and at other times we see everybody fully employed, well fed, happy, and extremely prosperous.

At times we see the American labourer in a worse condition than any labourer of Europe, and again we see him fully employed, at wages much higher than the most Aladdin-like dream of the European labourer.

What caused these enormous fluctuations ?

Every time since 1789 that the United States Tariff was lowered sufficiently to let in foreign goods a panic followed, and the American was unemployed, and faced starvation, but each time that that "Protective" wall was re-established he at once became prosperous.

Let us review briefly the results of the various United States fiscal changes, which are fully recorded in Chapter IV.

*First Period.—1789 to 1816* (twenty-seven years of "Protection").

The whole National Debt was paid and labour was fully employed, and development advanced furiously.

*Second Period.—1816 to 1824* (eight years of low Tariff).

All development ceased, business was destroyed, labour was destitute, and the whole country became bankrupt, "resources" and all.

In the New England States one-quarter of the property was sold by the Sheriff for debt, and this bitter "Free Trade" experiment culminated in the awful panic of 1818.

*Third Period.—1824 to 1832* (eight years of "Protection").

Again the country thrived. Labour was fully employed and business boomed.

*Fourth Period.*—1832 to 1842 (ten years of “Free Trade,” or low Tariffs).

Again business and employment went “bang,” and the famous panic of 1837 resulted.

*Fifth Period.*—1842 to 1846 (four years of “Protection”).

The country was again permitted to enjoy “boom” times. Business and labour soon settled down to its usual “Protection” prosperity.

*Sixth Period.*—1846 to 1861 (fifteen years of “Free Trade”).

Free labour was held out of a “Protective” Tariff for this fifteen years simply because the “slave” States, who had no wages to pay, objected to a “Protective” Tariff, which would benefit free labour’s wages, but the suffering became so great that in 1860 the free labourers stood so solidly together that they carried the election for “Protection.” After they won this election the slave States refused to allow a Tariff to be put on their ports, and American free labour—rather than do without “Protection” which they had won by ballots—went to war and fought four long, bloody years, finally defeating the “Free Traders” at an awful cost, and then settling down to their usual “Protection” boom and the high wages which “Protection” had always given them.

*Seventh Period.*—1861 to 1894 (thirty-three years of “Protection”).

The great progress, happiness, and prosperity of the United States labourer under this period of “Protection” is proverbial.

America was heralded all over the world as the

"Land of Plenty," and the labourers of the world flocked to her shores and partook of her bountiful prosperity, and there they, or their heirs, remain to-day. During this period the American labourers' savings-bank deposits increased 640 per cent.

*Eighth Period.—1894 to 1897* (four years of "Free Trade").

At the pinnacle of American prosperity in 1892, when everyone was fully employed, when every factory was working overtime, and when every foreign nation was watching with a jealous eye the marvellous wealth, prosperity, progress, and development of the United States, the Tariff was lowered enough to let in foreign goods and throw American labour out of employment. Let us see what happened.

Business dropped as if it had been shot in the heart. Confidence was destroyed, banks refused to lend money to home industries, and the panic of 1893 came on out of pure dread, even before the new "Free Trade" law had been enacted.

Half the factories in the United States closed their doors, and the remainder reduced staff, reduced wages, and reduced running time.

"Coxey's Army"—the greatest army of unemployed in the world's history—marched across several States to the capital to plead for their beloved "Protection."

Business failures increased 52 per cent, while liabilities increased 300 per cent.

The "New York World" of March 13, 1894, reproduced a photograph of the millionth loaf of bread which charity had fed to the starving labourers in New York City.

Samuel Gompers, President of the American Federa-

tion of Labour, reported that there were 3,000,000 men idle.

The wages which were lost during these four awful years totalled more than £2,000,000,000, which was *more than all the gold and silver in the world* at that time.

In the first year of this "Free Trade" the United States manufactured output decreased 44 per cent. Labour dropped 61½ per cent and wages fell 69 per cent.

In fourteen months the savings - bank deposits declined £10,600,000.

The Government debt increased £52,465,606 in four years of peace.

The consumption of wheat per person dropped 65 per cent, showing that labour was able to secure only half the bread it required.

The loss in business done was £3,000,000,000 per year.

If there is any doubt in the mind of the British labourer who reads this chapter as to what caused this panic, there was at least none in the minds of the American labourers.

They knew that all this misery was caused by the removal of "Protection," and at the next election—which was their first opportunity—they voted solidly for "Protection," and won with an overwhelming majority, and the "Protective" Tariff again went into effect on July 25, 1897, and again business "boomed."

Factories all opened up, labour was in great demand, and wages rose quickly. Employment increased double the population, and wages increased double employment.

Farm values increased £6,000,000,000 in nine years

Wages increased £15,000,000 per year, and labour savings-bank deposits doubled in seven years.

Railway earnings increased £23,000,000 per year, and exports £31,000,000 per year.

In six years the national revenue receipts had paid off the whole cost of the war with Spain, 1898–9.

In fact, not only did this “Protective” Tariff of 1897 bring back prosperity to the United States, but it kept it there until the present moment.

Let us also glance at German industry.

Germany federated in 1871 and started a “Protective” Tariff about 1880. What has the result of that Tariff been?

In the report of Mr. Koenig, the British Consul-General at Düsseldorf, Germany, we notice that since 1880 German exports and imports have jumped from 300 millions to 950 millions, her coal production has increased fourfold, and her pig-iron industry six-fold since 1890.

Wages have gone up all around, and the miners alone now draw double the wages they did in 1886.

In September the railways were 200,000 trucks short of the demands of the coal mines alone, which caused a loss of £6,000,000 in miners’ wages alone.

Evidently the Tariff did not injure the German voter. In fact, I do not believe a single “Free Trader” can be found amongst the members of any political party in Germany.

Dr. Sydow, Prussian Minister of Commerce, declared in a speech in Berlin on January 20, 1914, that unemployment was local and scattered, industry was in splendid shape, and that there had been more posts than men to fill them in Germany, and he recommended

some organised effort to distribute the men advantageously.

From 1904 to 1909 the value of the manufactured products of the United States increased 40 per cent, labour 21 per cent, and wages 37 per cent.

Since 1909 these have continued steadily to increase, until, in 1912, the value of American manufactures reached the enormous total of £4,200,000,000.

If the American "resources" and not "Protection" were responsible for the superior wages in that country, why do they "bar" Chinese labour, and why have they a severe law against the importation of cheap foreign "contract labour"?

The reason for American labour prosperity is not far to seek.

"Protection" simply bars the products of cheap foreign labour and home labour gets all the work.

If home manufactures are doubled, then it must take double the home labour to produce them. If double the labourers are required, then the price of labour goes up, just as it does in any commodity.

If a Labour Union wants to win a strike it must catch the employer with a desk full of profitable orders, and not when he has no orders, and when his prices are so low that he cannot meet their new demand.

The biggest possible mistake is for labour to fight its employer.

They are absolute partners, and it is utterly impossible for labour to benefit except through its employers' prosperity, and when hard times hit the employer he cuts down his labour cost the very first blow.

A labourer should always fight for the welfare of

his employer, for it is through him alone that it is possible for prosperity to reach labour.

A "Protective" Tariff would benefit Great Britain proportionately more than it would any other country in the world except, perhaps, little Japan, because Great Britain is too small ever to expect to be anything but a manufacturing nation.

Factories need "Protection" more than farms, because they employ more labour and produce more value than farms.

Great Britain cannot expect to grow all the corn she requires, but she can manufacture without limit.

"Protection" would only help the British farmer up to the limit of British farm capacity, after which he could not employ any more farm labour, but "Protection" may go on adding factory work for labour for ever.

Lancashire is big enough to produce all the cotton goods for the world, but it takes an area many times the size of Great Britain to grow the cotton.

The annual wages which the Lancashire cotton operatives receive are greater than the whole farm value of the United States cotton crop.

So that the cotton factories in little Lancashire are better for labour than the whole of the farms of all the cotton-growing States in America.

Four million factory labourers operate machinery which has the power of over 20,000,000 hand farm labourers, so that if "Protection" in Great Britain increases factory labour, it increases production four times as much as it would by increasing farm labour.

Five-sixths of the wage-earners in the United States are employed in factories, and only one-sixth on farms

The value of the factory output is four billion pounds, and the value of the farm output is less than two billion pounds, and a large proportion of the farm work is done by the farmer himself and not by labourers.

There are as many people engaged in the building trades alone in Great Britain as there are in farming.

From 1900 to 1910 the United States population increased 21 per cent, but the population of her manufacturing cities increased 350 per cent during this time, which shows that American "Protection" had its greatest effect upon factory labour, and the farmer's prosperity followed simply because the increased factory labour had to be fed.

American "Protection" increased factory labour five times as much as it did farm labour, and we must conclude, then, that it would be five times as beneficial to little Great Britain as it would be if she were purely a farming country. A bar of iron worth £1 will, by adding labour to it, produce watch-springs worth £55,000, and "Protection" keeps out Swiss watch-springs and permits home labour to make this £54,999 wages out of a sovereign's worth of iron.

"Free Traders" will argue that home labour will be thrown out of employment by "Protection," which will increase the cost of production (wages) so much that home producers cannot sell their goods in foreign markets. This is not true.

The exports of every country have always increased under "Protection" and have always decreased under "Free Trade." The United States pays double the wages of any other country and yet she is the leading export nation of the world, while her home trade is many times as great as all the export trade of all the other countries in the world combined.

From 1886 to 1906 the value of German exports under "Protection" increased £83,000,000, the United States increase was over £240,265,000 for the same time under "Protection" (all but four years), while the export increase of Great Britain during this time was only £60,000,000.

So that under "Protection" the foreign sales of Germany during this time increased one-third more than that of Great Britain, and America beat Great Britain by increasing four times as much.

The increase in exports in 1912 over 1911 was as follows: Great Britain  $7\frac{1}{2}$  per cent, Germany  $10\frac{1}{2}$  per cent, and the United States 15 per cent.

In 1875 the United States stood in the fourth place as an exporting nation, in 1885 she was in the third place, in 1895 she had advanced to second place, in 1903 she led all other nations, and to-day she holds the first place amongst the world's exporting nations.

Glance at the following table of increases and see what "Protection" does:—

1890 to 1907.	Great Britain.	Germany.	United States.
Exports increase .	62%	116%	110%
Imports " .	53%	113%	74%
Manufactures " .	50%	124%	320%
Population " .	6,600,000	12,000,000	26,000,000
Gross RR. rec'ts .	52%	102%	126%
Consumption of Coal .	33%	91%	174%
Production of Pig Iron .	27%	174%	179%
Savings Bank deps. .	100%	151%	125%

German labour savings-bank deposits increased £172,000,000, while those of Great Britain only increased £17,000,000.

England's wealth was stationary, while Germany's wealth had increased 60 per cent.

Even "Protected" France is the richest country in the world in liquid capital, while her savings-bank deposits exceed those of any other country, and 50 per cent of her dead citizens leave cash legacies.

Let us see what comparative effect the respective Fiscal systems had upon the respective emigration records of Great Britain and Germany.

EMIGRATION.	British.	German.
1890 .....	109,000	97,000
1907 .....	235,000	31,600
	Increase 117%	Decrease 68%

In 1894 *twenty-six* out of every ten thousand persons left Germany, but in 1907, although Germany had 12,000,000 more people than in 1894, yet only *four* out of ten thousand left home.

In 1894 *nine* out of every ten thousand persons left Great Britain, while in 1907 over *fifty-three* out of ten thousand fled from "Free Trade."

When I read speeches of Sir John Simon and other "Free Traders," in which they boast about the great present prosperity of the British Isles and the reduction of the number of unemployed, I cannot help reflecting on the enormous emigration of labour from Great Britain, and I am reminded of the old soldier who was boasting about his increasing strength.

"Do you see that whisky barrel?" he asked. "Well, when that first came, filled with whisky, I could not even tip it up on end, and now I can lift it to my shoulders!"

If British unemployed continue to leave the country long enough, then these "Free Traders" can boast that "Free Trade" has at last entirely freed the country of unemployment. If the old soldier continued to drink the whisky from the barrel it would ultimately become quite light in weight.

The "Free Trader" can compare "Protection" results with "Free Trade" results from every and any standpoint, and he cannot escape the fact that for some reason everything everywhere reaches its most prosperous state under "Protection."

Since Cobden gave you his blessing and his "Free Trade" in 1846 you have paid the foreigner £5,500,000,000 cash more for his goods than he has paid to you, and "Protection" (not a bad low Tariff) would have kept at least half of that money at home, in which case everyone would have been fully employed at much improved wages.

If an Englishman buys a glass tumbler from an Englishman, then England has the tumbler and the money also.

If the tumbler gets broken, she still has the money.

If an Englishman buys a tumbler from a German, then England has the tumbler and Germany has the money.

If the tumbler then gets broken, England has nothing, but Germany still has the money. Each time the United States has had "Protection" she has received more money from the foreigner than she paid out to the foreigner, and each time that "Protection" was removed the position was almost reversed.

The records of the balance of trade of the United States from 1842 to 1912 are as follows :—

The total value of the exports has exceeded the

total value of the imports during the eighteen years of low Tariffs by £9,991,000, and during the fifty-two years of "Protection" by £1,266,249,000.

The annual average under low Tariffs was £550,000, and under "Protection" was £24,351,000.

Under "Protection" the United States producer took and kept forty-four times as much foreign money per year as he did under low Tariffs.

A "Protective" Tariff not only helps the particular business it protects, but in doing so it improves general business conditions, and benefits even the industries which are not directly "Protected."

For instance, the American labour conditions of employment and wages are better than they were in "Free Trade" 1893 to 1897, and yet President Wilson declares that 90 per cent of American labourers are engaged in industries which are not "Protected" at all.

There is no "Protection" on building trades, and yet the carpenter, joiner, bricklayer, and stonemason, etc., are more than fully employed at splendid and ever-increasing wages.

An investigation was made in America in March, 1895 (during the low Tariff period), among 2229 manufacturing establishments who then employed 204,580 labourers and paid them £1,415,864 in wages.

In 1898 (under a "Protection" Tariff) the same firms employed 269,329 labourers and paid them £2,039,627 wages.

Under "Protection" the same concerns employed 64,749 (30 per cent) more men and paid them £623,763 (40 per cent) more wages, simply because "Protection" had kept out foreign goods and increased the home demand by giving employment and turning labourers into heavy consumers.

These 65,000 men and their families were turned into valuable consumers of American products. The employés of these 2229 concerns had £623,000 more money to spend.

The result was simply that 65,000 men who were out of work in 1895 were fully employed in these 2229 establishments in 1898, and each of the whole 269,000 men drew 10 per cent higher wages in 1898 than were paid in 1895.

British labourers may not appreciate the benefits of "Protection," but these 269,000 men and their well-fed families do, and they will destroy with their votes any political party which ever takes "Protection" away from them. They know that "*Protection makes two jobs hunt one man*, and that *low Tariffs make two men hunt one job*

Labour voters may be undecided as to whether or not a "Protective" Tariff will benefit them, but they can well afford to try it once, provided they can make up their minds that it will not injure them during the trial.

Even if "Protection" were a bad system, I cannot see how it could hurt British labour much, for the labourer's present wages only average 25/9 per week, while it costs the Government 20/6 per week to feed each inmate of the workhouse, so that at worst the labourer has little or nothing to lose in trying the experiment. I once saw a picture of a man who was being whirled about in the arms of a wild bear, and his friend stood by with a levelled rifle trying to get a chance to shoot the bear without hitting his friend. Finally the embraced man shouted in desperation, "Shoot! Shoot! I don't care if you do hit me!" Now the British labourer, like the man with the bear,

is "gone," anyway, and he can afford to take a risk and vote for some—any—new system. Labour voters should, however, keep in mind the fact that while a low Tariff will increase the Government's revenue collection, it will be of little benefit to wages or employment.

Any politician who promises a Tariff of less than an average of 25 per cent on all imports and holds out prospects of full employment and increased wages is either ignorantly or wilfully misleading the voter. But I suppose he thinks that if he breaks a promise it is of little consequence, for he can make another just as good.

A minimum average Tariff of 25 per cent will both "Protect" and provide revenue, but one of less than a 25 per cent average will furnish little "Protection."

To "Protect" it must be high enough to check competitive foreign imports. At present one of the most effective "Free Trade" arguments to the British voter against the Tariff is the fact that all business in Great Britain is "booming" just now under "Free Trade."

Business is "booming," but none of the present prosperity is due in the slightest degree to "Free Trade," nor do many of its benefits reach the British labourer.

If business is "booming" for labour, why is it wages do not go up? Why is there still so much unemployment? Why does emigration continue to increase? And why is there so much discontent and why so many strikes in labour circles?

The still miserable British worker may well cry out for a bit of the boasted prosperity.

An old negro once went into a chemist's shop and

asked the chemist if he could sell him some drug which would make his "balky" mule move on. A few moments after he had departed with the "dope" he hurriedly returned to the shop.

"Are you the gen'l'man what sold me de med'cine for my mule?" he enquired. "Yes," replied the chemist. "Did he move?" "Did he move?" repeated the darky. "See dat cloud o' dust way off yonder? Dat's de mule—an' say, boss, I wish you'd put about fivepence wuth o' dat stuff in me so I can catch him!"

The present business "boom" in Great Britain is due almost entirely to the increased foreign and colonial demand for British goods, and this demand is absolutely and exclusively due to the general prosperous condition of the home markets of those other countries, caused, without a shadow of doubt, by their "Protective" Tariff systems. If these foreign countries removed their Tariffs their markets would at once become demoralised, and their demand for British goods would diminish to such an extent that the British trade "boom" would cease. The British "boom" is a general boom all over the world, and since all other nations have "Protection" this general boom cannot be caused by the "Free Trade" system of Great Britain.

Let us see how general it is. The increase of domestic exports in 1912 over those of 1911 were:—

United Kingdom .....	£33,000,000	..	About 7½%
Germany .....	£42,000,000	..	10½%
United States .....	£63,000,000	..	15%

The following table of figures was given to Mr. Page Croft, M.P., by the President of the British Board

of Trade, and shows the relative progress made during the last thirty years :—

#### EXPORTS OF DOMESTIC PRODUCE

Year.	United Kingdom.	Germany.	United States.
1882 . . . .	£241,467,000	£156,900,000	£156,231,000
1892 . . . .	227,216,000	145,200,000	192,341,000
1902 . . . .	277,552,000	230,000,000	277,764,000
1912 . . . .	480,196,000	440,400,000	492,228,000

The respective increases during these thirty years were :—

United Kingdom	.	.	.	.	99%
Germany	.	.	.	.	181%
United States	.	.	.	.	215%

We see, then, that “Protected” countries are also enjoying a boom, and that the *reflected* boom in the “Free Trade” country is much less than the *direct* boom in any of the “Protected” countries.

Why will Great Britain stick to an antiquated Fiscal system which depends for its success upon the superior sanity of the systems of competing countries?

The hen does the “work” and the cock does the “crowing.”

“Protected” countries make prosperity and British “Free Traders” do the boasting.

## CHAPTER XIII

### “PROTECTION” AND AGRICULTURE

**I**N discussing this subject it is necessary to remember that Great Britain is not an agricultural country, and that no law can be passed which will enable the British farmer to overproduce all the farm products which the country requires, simply because the area of the country is insufficient.

It is also necessary to remember that domestic competition will not regulate prices unless an article is overproduced at home, and while it does not usually occur, yet it is fair to suppose that the Tariff levied on such articles is paid by the home buyer of the article.

The only advantage that the British farmer could hope for from a Tariff of 2/- per quarter on corn would be that the foreign importer of corn would raise his price in Great Britain 2/- per quarter, and the British farmer would thereby be able to sell his corn for 2/- per quarter more than he had previously received for it.

I do not know why, but, as a matter of fact, in the past we find that importers of corn did not raise the price as much as the Tariff, and therefore the home grower did not profit to the extent of the full amount of the Tariff.

However, for the sake of this discussion, let us assume that a Tariff of 2/- on corn would enable the British farmer to secure 2/- more for his crop.

In this case the buyer of corn in Great Britain must pay 2/- more for corn.

Now the British farmer produces about one-fifth of the corn which Great Britain consumes, and if a Tariff of 2/- per quarter were levied, then the following two changes would be likely to result.

The home *production* of corn would increase, and the home *demand* for corn would also increase.

In America the general high wages and prosperity in Tariff times caused the public to double its *per capita* consumption of wheat as compared with the consumption during "Free Trade" conditions.

I firmly believe that the general prosperity which would result in Great Britain from a general "Protective" Tariff would increase the home *demand* more than it would increase the home *production*.

Let us, however, assume that the production increased more than the demand, and that, under the new conditions, the home farmer succeeded in growing one-quarter instead of one-fifth of the quantity required to satisfy the home demand.

In this case a Tariff of 2/- per quarter on the entire four-fourths of consumption would be paid by the corn buyer in order that the home growers should receive 2/- per quarter advance on the one-fourth he produced.

If you want to give the home grower an advantage of 2/- per quarter you could do it for one-quarter the money simply by paying him a bonus of 2/- per quarter on the one-fourth he produced, leaving the price of the foreign corn to the British consumer exactly where it was.

It is therefore easy to see that the fairest way and the cheapest way by which to give a two-shilling

advantage to the British farming industry would be for the tax-payer to pay them a cash bonus of 2/- per quarter on their corn products.

It is easy for any fair-minded farmer to see that there is very little reason why this cash bonus should be paid to his industry rather than to any other industry.

The granting of this bonus would probably cause many other industries to scramble for similar treatment, and, being refused, they would unitedly fight such a grant to the farmer and if it had already been granted cause its repeal.

It is therefore a waste of the British farmer's time to endeavour to secure some advantage which he could not hope to retain.

The above conclusion is naturally based upon the assumption that a new Tariff on corn would be placed solely for the "protection" of home farmers, and that the revenue it produced would not be absolutely required.

Now in order to meet current expenses the Government already (1911-12) collects annually in duties on tea, sugar, cocoa, and coffee the sum of £9,821,130, and since the home farmer does not produce any of these articles, then the consumer is now paying this much food Tariffs which do not "protect" any British industry.

Now this ten million pounds of money which the consumer is at present paying on these food-stuffs would pay a 2/- per quarter duty on 800,000,000 bushels of imported corn per year.

Roughly speaking, therefore, these present food duties would equal a new corn duty of 2/- per quarter.

The British farmer *has* a right to demand that these

present revenue food duties on tea, sugar, cocoa, and coffee be removed and placed upon his corn products.

No Government should refuse this demand, as the same revenue is derived, while, in its new location, the Tariff would simultaneously furnish a valuable "protection" to an important home industry.

This demand, I think, the British farmer could make with a hope of not only getting the advantage he desires, but keeping it.

The mass of voters would not pay more on their average food bill, and, unless penalised, he surely would not oppose any rearrangement of revenue food duties which would benefit agriculture.

When I suggest that the British farmer's demand for new "Protection" is unfair and a waste of his time, because such demands would create new and increased food burdens, I must impress upon you that my criticism only relates to corn and, possibly, to beef cattle.

In no case do these observations extend to any of the other farm products, such as eggs, dairy products, vegetables, flowers, etc.

In fact, the British farmer should by all means have a "Protective" Tariff on all products which he could grow in quantities equal to the home demands.

British farmers must not lose sight of the enormous value of the annual productions of the farm, other than corn and beef. Now a "Protective" Tariff on all farm products would protect the farmer against imports of not only corn, but all his other products, and the consumer would not pay the duties on any of them except corn, because all the other articles would be overproduced domestically, and the price would therefore not go up.

It seems usual for both the farmer who wants "Protection" and the "Free Traders" who oppose it to lose sight of all farm products except corn.

The whole discussion seems centred upon corn products.

The "Free Trader" denounces a duty on farm products because it will cause the price of corn to advance, but no one ever seems to point out to either the farmer or the voters that corn is only a small portion of farm products, and that a "Protective" duty on farm products other than corn would help the farmer and not hurt the consumer.

*Last year* there were some £8,000,000 worth of foreign eggs, £40,000,000 worth of foreign dairy products, and £4,000,000 worth of vegetables imported into Great Britain, in addition to flowers, fruit, etc.

It is estimated that there is a total of some £200,000,000 invested in British fruit and flower growing, in addition to vast investments in garden-produce undertakings.

During 1912 the total British imports of fruit were as follows :—

	cwts.
Currents and gooseberries . . . . .	107,105
Apricots and peaches . . . . .	20,317
Strawberries . . . . .	19,662
Cherries . . . . .	111,000
Plums . . . . .	280,926
Pears . . . . .	605,000
Apples . . . . .	<u>3,882,000</u>
Total	5,025,010

These importations during six years (1906-11) amounted to the enormous total of 27,076,000 cwt.

In 1912 the imports of flowers and only two items of garden products amounted to the following values:—

	£
Flowers . . . . .	220,863
Tomatoes : : : : .	1,146,076
Onions . . . . .	1,303,378
 Total	 £2,670,317

Hence on these items alone the loss to the British horticultural industry amounted to over £2,600,000, which might just as well have remained at home. Let us see what the relative value of the British farm crop is.

In 1911 the British farmer grew 5,824,651 tons of wheat, oats, and barley on 8,320,000 acres, while the total potato crop alone was 7,502,168 tons, grown on only one-fifth as much acreage (1,175,168 acres).

Little is heard in politics about the potato crop, and yet let us examine into the importance of this farm product.

This vegetable requires a great deal of moisture to flourish, and it should, therefore, be very happy in Great Britain.

The potato yield in the United States varies from 80 to 200 bushels per acre, depending largely upon the moisture of the particular district, the average yield in the State of Maine being 200 bushels per acre.

Now in the States of Pennsylvania and New York there are nearly one million acres devoted to potato growing, and in the whole of the forty-nine United States there is a greater area in potatoes than there is in corn in the United Kingdom with one-half the population.

In 1896 there was a duty of one shilling per bushel put on potatoes, but the price has advanced 282 per cent since that time, and now stands at about 3/4 per bushel at the farm.

The average yield of Irish potato land is 300 bushels per acre.

The Irishman can, then, receive for his crop by exporting it to the United States 3/4 per bushel, which price would, after deducting the duty and freight, give him a net price at the farm of, say, 2/- per bushel, or £30 per acre.

An acre of Irish potatoes, therefore, would yield as much money to the farmer as four and one-half acres of wheat land, yielding four quarters per acre at 32/- per quarter.

The relative value of the two crops is obvious.

The Irish farmer will pay 22/- per acre rent, and 300/- per acre duties to help run the American Government.

The predominance of Irish-grown potatoes in the United States market will be indicated by stating that in America potatoes are divided into two kinds : sweet potatoes and Irish potatoes. In other words, what are known in England as "potatoes" are all known under the one general term of "Irish" potatoes, regardless of their particular variety.

At an average price of 32/- per quarter for the 27,352,052 quarters of wheat, oats, and barley which the British farmer produced in 1911, his crop only had a value of £43,683,283 and only occupied about 8,000,000 of the 48,000,000 acres of land he cultivated.

We see, then, that in 1911 the total value of the British corn crop did not equal the value of the free imports of dairy products, vegetables, and eggs alone.

The British farmer would have been a gainer by some £9,000,000 if he had given up his entire corn crop and secured the British market for dairy products, vegetables, and eggs, which was given by "Free Trade" to the foreign farmer.

Corn is by no means the most profitable crop to either the British employer, employé, or landlord.

An acre of land will produce more value, employ more labour, pay more rent, and yield the employer a larger profit if it is devoted to crops other than corn.

In 1911 British farm land produced five times as many pounds of potatoes per acre as it did corn, and the potato crop employed much more labour than did the corn crop.

My point is this : Why do not the farmers and Tariff politicians drop the corn Tariff as a principal issue and concentrate their efforts upon getting a "Protective" Tariff on all other farm products ?

If this was done, then the "Free Trade" arguments against a Tariff, on the grounds that food prices would go up, would lose strength with the voter, and the British farmer would secure a Tariff which would give him much more profit than would a two-shilling duty on corn.

The corn duties could then be secured, if still desired, by removing the present duties on tea, coffee, cocoa, and sugar, and placing them on corn.

If the consumer then paid more for his corn he would pay correspondingly less for his tea, coffee, cocoa, and sugar, and the Government would receive practically the same revenue.

On account of her small size Great Britain does not and never could produce all the corn she requires, but

she can and always would be able to grow all the farm products other than corn which she now requires or ever would require.

A "Protective" Tariff on farm products other than corn would last year have kept out over £50,000,000 worth of foreign produce, and the British farmer would have made more money filling this additional home order than he made on his entire corn crop.

Only about 4 per cent of the population are engaged in farming, and this leaves 96 per cent who are pure buyers of products.

These 96 per cent only buy one-quarter as much corn as they do other farm products, and therefore their corn order is only one-quarter as valuable as is their order for other farm produce.

This means that whenever there is an increase in factory population there is an increase in the demands for farm foods, and that one-quarter of this new order will be filled by the foreign corn producer, while three-quarters of the new order will go to the home farmer for farm products other than corn.

Any law, therefore, which will benefit manufacturing and increase employment and population will help both the home and foreign farmer, but it will help the home farmer more than three times as much as it does the foreign farmer, because the home farmer will receive an order for three times as much produce, of a more profitable nature than corn.

Great Britain is too small ever to expect to produce all the corn she requires, but there is no reason why she could not enlarge her manufacturing without limit and thus give the home farmer a constantly increasing order for products which he could produce in unlimited

quantities and at greater profits than could be had from corn.

In 1887 the Lancashire cotton industry received in wages and profits double the sum which the American farmer received for his cotton crop.

According to the census of 1880, the United States was divided into 2461 counties, of which the twenty counties which contained the largest manufacturing cities produced the greatest farm product values, although they had no land devoted to corn, and only a small farm area as compared with the country counties.

That year Cook County, Illinois, containing the great city of Chicago, which occupied a large percentage of the county, produced £739,995 worth of farm products, while Allegheny County, Pennsylvania, which is very hilly, and penetrated by both the Ohio and Allegheny rivers, and contains the city of Pittsburg, produced £733,233 worth of farm products.

When one stops to consider that at four quarters per acre and 32/- per quarter, it would require 115,624 acres of corn land to produce a farm value equal to that of the few available acres in Chicago's county, one must see the importance to the farmer of establishing and developing great manufacturing centres of population. Over one-half of the United States population lives in 2000 cities.

From 1900 to 1910 the population of the United States increased 22 per cent, but the population of the manufacturing centres increased 350 per cent.

In Great Britain 77 per cent of the population is urban, and only 23 per cent is rural.

Whenever therefore any law is proposed which will

tend to enlarge these centres of population, the British farmer should by all means give it his hearty support, even though the direct benefits all went to the manufacturers and their employés, because the indirect benefits to the farmer would obviously be enormous.

The average wages of British labour are only 25/9 per week, and we all know that a man with a family of three children cannot on that wage afford one-half as much vegetables and farm produce (not corn) as he would consume if his wages were double.

Thus we see that if a "Protective" Tariff on manufactures either raises wages or increases population, in either case the demand for farm produce is at once increased, and three-quarters of this increased demand would go to the home farmer for produce other than corn.

The Board of Trade returns show that the average wages in the United States, under a "Protective" Tariff, are almost two and a third times (130 per cent) higher than they are in Great Britain under "Free Trade."

If a British "Protective" Tariff doubled British wages, then the same number of labourers would buy, perhaps, £50,000,000 worth of farm products other than corn more than they buy with their present low wages, and the British farmer would make more profit on this increased order, due to a "Protective" Tariff on manufactures, than he makes now on his whole corn crop.

In 1911 the United States farmer sold 12,939,229 cwt. of his wheat crop in Great Britain, but he did not get as much for this wheat as the British farmer got for his.

I have before me some statistics for December, 1887, which will do as well as later ones to show how much advantage the home wheat farmer has over the American wheat farmer.

The freight on American wheat from Chicago to Liverpool was sixpence per bushel, and it cost more to get it from the American farm to Chicago than it costs the British farmer to transport his crop from the farm to the home consumer.

On December 19, 1887, the price of wheat quoted in the Chicago “Inter-Ocean” was 91½ cents per bushel, and the London “Times” of that date quoted the Liverpool price at 97½ cents per bushel.

The American farmer must, therefore, have received for his Liverpool sales 97½ cents per bushel, from which he must deduct 12 cents freight and three cents for the three grain merchants who handled it, together with the insurance, making a total reduction of, say, 15 cents (7½d.) per bushel.

Thus we can see that the American farmer receives only 82½ cents per bushel for his Liverpool wheat, while the British farmer receives 97½ cents for his.

The British farmer, then, even without a corn Tariff, has an advantage over the American wheat farmer of 7½d. per bushel, or 5/- per quarter.

It is also noticeable that the American wheat farmer receives 2/7 per quarter more in his home market than he does in the Liverpool market.

If the American “Protective” Tariff on manufactures were removed, and the wages of American factory labour fell, then naturally that home market would be reduced, and a larger surplus of wheat would have to be sold abroad at 2/7 per quarter less than the home price, so you can readily see another reason why

the American farmer votes in favour of a "Protective" Tariff on manufactures.

The "Free Trader" contends that it is ridiculous for Great Britain to expect her products to equal in value the products of the United States with its great agricultural area and resources.

In contradiction of this theory I assert that it is folly for any purely farming country ever to expect to equal the wealth production of a manufacturing country, because the value of the two products is in the ratio of one to four.

Four million factory men have under their control wealth-producing machinery power equal to 20,452,960 men, so that it is quite evident that "Protective" Tariffs do more national good by increasing the national capacity for the production of factory values than that of farm values.

A number of people engaged in manufacturing will produce four times as much wealth value as they would in farming, and the factory wealth will be more permanent than the farm wealth.

Most manufacturing products remain valuable for perhaps fifteen years, while practically the entire value of farm products disappears within a year from the date of the harvest.

The eight million golden sovereigns which Great Britain paid to foreign farmers last year for eggs will continue to be increasingly valuable for ever, but the eggs, what of them? They may become stronger with age, but not more valuable. Let us follow the history of the British imports of farm products (other than corn) in 1912.

The foreigner got some £60,000,000 of British money, and the Briton received the produce.

Now in one year from then the half of this transaction which the Briton received is worth exactly nothing, while the half which the foreigner received is worth £60,000,000 plus the interest thereon.

Now would it not have been better for the Briton to have bought this £60,000,000 worth of produce from the home farmer and thus kept this money at home to add to the money in circulation and taxable wealth?

Answer, “ Free Trader,” yes or no ?

The British Government will never receive one farthing out of this £60,000,000 which was sent abroad, but if it had remained here the Government would have received a handsome annual sum from it in Income Tax and other splendid Death Duty legacies on the death of its subsequent owners.

But now this £60,000,000 has gone to reduce the taxes of other lands.

This £60,000,000 by no means tells the total horror of the present wicked British Fiscal system, for, in all, you allowed the foreigner in 1912 to import, free of charge, over £200,000,000 worth of goods which you could have made yourselves, and you let him take this £200,000,000 out of your country.

In 1911 you bought from the foreigner about £123,000,000 worth of his goods more than he bought from you, and you gave him £123,000,000 more cash than he gave you, and if you put a sensible “ Protective ” Tariff on his products you will turn this debit balance of trade into a credit one, or at least it is safe to say that under “ Protection ” your exports would equal your imports, and you would receive as much foreign money as you sent abroad.

If your imports and exports were equal, what would you benefit ? Since 1846, when Cobden nailed you to

his "Free Trade" cross, you have sent abroad to pay for your imports the gigantic sum of £20,497,411,372, and someone abroad has this money to-day. But you could search Great Britain and you could not find in existence to-day £1,000,000,000 worth of the goods imported, but the money the other fellow has is still worth its face value, and has, during this period, earned for its fortunate foreign owners billions of pounds in interest. Doubling itself each period of seventeen years at 4 per cent, it now amounts to some 1500 billions sterling, or much more than the total wealth of Great Britain.

During these sixty-seven years you paid to foreigners in cash the colossal sum of £5,500,000,000 more than they paid you. This is probably double as much as all the gold and silver in the world. During the next sixty-seven years the British voters ought to arrange it so that the foreigner will not beat their trading by five billion pounds.

Exchange with a foreigner provokes but one production, while domestic exchange provokes two, and there is an equal profit on each.

If a British "Protective" Tariff would cause exports to equal imports, then this £5,500,000,000 would hereafter stay at home. When one considers that the entire hoard of gold which Great Britain keeps in the Bank of England as a reserve fund amounts to only, say, £40,000,000, then one sees the value of the £40,000,000 annually sent abroad for dairy products, or the £123,000,000 loss you suffered between your imports and your exports.

The total gold reserve held by Germany, France, and Great Britain combined only amounts roughly to £220,000,000.

The total British Income-Tax returns of 1911, estimated at 5 per cent, indicates that the total income-taxed wealth of England's population only amounts, roughly, to six times as much as the five billions you have in sixty-seven years generously presented to the foreigner.

You not only gave away more than your profits, but in sixty-seven years you gave away one-sixth as much as all your property is worth.

No wonder foreign nations are becoming formidable commercial opponents. They are beating you with your own money.

This can all, or nearly all, be stopped by putting a British "Protective" Tariff on *competitive* products, buying from your neighbours, and keeping your money at home for future use.

But let us return to the British farmer's case.

A great portion of labour wages is paid by labour to the farmer for vegetables, dairy and other farm foods, and any blow to any manufacturing industry must strike the farmer.

If the £1 bar of iron previously mentioned were turned into watch-springs by British workmen, the operation would produce as much British circulating wealth as could be produced on 13,000 acres of corn land, and a great portion of this wealth would be spent by the workmen for British farm foods other than corn.

Let us take a small example of how the farmer suffers when a manufacturing industry disappears.

In 1860, when the 15 per cent British Tariff on silk was repealed, there were 116,000 labourers engaged in the British silk industry, while to-day there are less than 37,000. You then imported £5,900,000 worth of silk. You now import £13,000,000 worth.

There are 97,000 less people engaged in the silk industry in Great Britain than there were in 1860, and the British farmer has now, therefore, 97,000 fewer customers for his produce.

The farmers near Coventry, Middleton, and many other British towns must notice this loss of trade in the smaller farm products.

The loss in twenty-five years to Coventry alone was 30,000 silk workmen, which probably means a loss of 100,000 mouths which the Coventry farmer would otherwise be feeding to-day. And these additional customers could not in the least have interfered with the growth of Coventry during this time in other industries, but would obviously have augmented and stimulated that growth.

This was only one small industry, and we can safely assume that practically all others have similarly suffered, so that the total national loss must be enormous, and at this moment the home market for farm produce must be in a very low state.

There are in Great Britain almost 2,000,000 people supported by rates and pensions.

One out of three British people die in the workhouse, asylum, or hospital. Six out of seven British citizens leave no taxable property at death.

The average weekly wage of the British worker is 25/9.

It is small wonder that there are only half the farmers there were in 1846, when Cobden crucified agriculture, more by the removal of the Tariff on manufactures than by the Repeal of the Corn Duties.

Each year a British industrial army larger than the British standing army emigrates to "Protected" lands.

Last year the British farmer lost some 250,000 customers by emigration.

Over 3,300,000 of the people living in the United States are British born, and practically all of them would have remained in British territory had industrial conditions been equal.

Let us now see how the American farmer was affected by their general “Protective” Tariff.

The first act of the first Congress of the United States in 1789 was to lay a “Protective” Tariff on manufactures.

This Congress was composed very largely of farmers.

Seven years afterwards President Washington, in his seventh message to Congress, said :

“Our agriculture, commerce, and manufacture prosper beyond example.”

In 1806 President Jefferson said in his message that the Tariff system had been so successful that every industry was prospering, and the Customs collections had paid all the national expenses, and that there was likely to be a considerable surplus after paying all the public debt called for by contracts.

In 1816 Tariffs were reduced, and all business at once declined. The value of farm property fell 50 per cent and panic followed.

In 1824 “Protection” was again enacted, and prosperity returned, and President Jackson, in his message to Congress in 1832, said :

“Our country on every side presents marks of prosperity and happiness unequalled perhaps in any other portion of the world.”

From 1833 to 1842 "Free Trade" again ruined the country and another panic followed.

From 1842 to 1846 "Protection" was restored, and industry once more became prosperous, but in 1846 "Free Trade" was readopted, and lasted until 1860, when the farmers and manufacturers became so desperate that they not only won the Tariff election, but they fought the awful four years' Civil War and forced the seceding States to submit to "Protection," and never again did the United States have "Free Trade" until 1892.

On every single occasion in the history of the United States when the "Protective" Tariff was removed ruin followed to farming and all other industries, but prosperity always quickly returned as soon as a "Protective" Tariff was restored.

The American farmer knows what brings prosperity, and he knows it is "Free Trade" which kills it.

He is not like the farmer who once wrote to the editor of a farm paper, saying :

"I have been raising many chickens, and lately some terrible disease has attacked them. Most of my hens just drop over and never get up again. Please tell me what is the matter with them."

The editor replied : "Dear Sir,—From the symptoms which you describe, I am afraid your hens are dead."

That is what is the matter with British farming, but we can go further, and declare that "Free Trade" killed it.

The four years of "Free Trade" from 1893 to 1897 ruined agriculture as well as other industries.

In the last year of the Tariff preceding the 1893 "Free Trade," wool imports amounted to a total of

115,000,000 lb., and the next year under "Free Trade" they rose to 248,000,000 lb., and this smashed the farmers' sheep department.

The actual loss of money on this wool trade was only £4,000,000 that year, but the loss on the value of sheep and general farm property was much greater.

The decrease in the home consumption of wheat during those four years was 311,886,196 bushels, and of maize 3,257,516,066 bushels, and yet each year from 1893 to 1897 the population increased about one million, jumping from 66 millions to 71 millions.

The value of that one year's crop to the farmer fell £133,000,000.

The loss on farm animals was £512,064,593, on barley £1,450,000, potatoes £16,650,000, cotton £44,300,000, wool £22,250,000, and tobacco £5,970,000.

In fact the farmers' loss on crops alone during those four "Free Trade" years amounted to £856,757,000, and this was not half of their total actual loss, for the decrease in farm values was over £1,000,000,000 additional.

In fact the actual farm loss during the four years is generally conceded to have exceeded *two billions sterling*.

With this condition the American farmer became violently dissatisfied, and on the first opportunity he voted solidly for a "Protective" Tariff, which was enacted July 24, 1897, with instantaneous beneficial effects.

Let us now see what was the actual effect of this "Protective" Tariff upon agriculture.

I give below a table showing the quantity and value of the American farm products in 1896 under "Free Trade" compared with those in 1901 under a "Protective" Tariff.

The figures are the estimates of the Department of Agriculture of the United States Government.

Crop.	Quantity (In Millions).		Value in £ (In Millions).	
	1896. Free Trade.	1901. Protection.	1896.	1901.
Wheat (bushels) . . . . .	470	748	68	93
Maize , , , ,	2270	1522	98	185
Oats , , , ,	717	736	27	59
Rye , , , ,	24	30	2	3
Barley , , , ,	70	109	5	10
Flax seed , , , ,	17	20	2	7
Buckwheat , , , ,	14	15	1	2
Potatoes , , , ,	245	167	14	20
Cotton (bales) . . . . .	9	11	58	74
Hay (tons) . . . . .	59	51	77	102
Apples (barrels) . . . . .	69	25	14	13
Total value of crop . . . . .			366	568
Excess of value of "protected" crop 1 year —				£201
Milch cows (No.) . . . . .	16	20	73	129
Cattle , , , ,	32	32	102	177
Hogs , , , ,	43	50	37	60
Sheep , , , ,	38	43	13	27
Horses , , , ,	15	15	100	144
Total live-stock value . . . . .			325	537
				325
Increase in value in "protected" year animals . . . . .				£212
Increase in total value of crops . . . . .				201
Total increase in favour of "Protection" . . . . .				£413

A glance at this table will show that the value of one year's "Protection" crop was over £200,000,000

greater than the "Free Trade" crop, in spite of the fact that the "Free Trade" season produced the largest crop.

The "Free Trade" year yielded 826,000,000 bushels of maize and potatoes, 44,000,000 barrels of apples, and 8,000,000 tons of hay more than that of 1901.

The United States "Protective" Tariff not only developed the whole of American farm lands, but it has done more to develop Canada than all the efforts of the Canadian Government.

Under the Tariff the United States tenant farmer has prospered immensely, and finds himself with £2000 to £3000 cash in the bank, plenty of horses, cattle, hogs, sheep, and a full complement of farm machinery, when some Canadian land agent offers to sell him good Canadian farm land at a price that is little more than a year's rent for the "Protected" land which he has been renting, and off he goes to his new farm in Canada with his machinery, live stock, and cash to enrich and develop Western Canada.

The hundreds of thousands of just such cases have been almost the exclusive reason for the recent "boom" development of Western Canada.

The United States "Tariff-fattened" farmer—not the Canadian—did it.

The *quantity* of a crop depends upon the acreage and the weather, but the *value* of the crop is of much more importance to the farmer, and it depends more upon general market conditions, which in America have always rested very largely on the national Fiscal system.

The above table does not include eggs, dairy products, vegetables, wool, etc., which, if added to the gain shown, would expose an enormous additional

advantage to the farmer under his "Protective" Tariff.

The reason for this gain is not far to seek. It was the home market that did it.

In 1896 three million men (making a total, with their families, of perhaps some twelve million mouths) were thrown out of work and income by free foreign imports, and even the wages of those who were employed considerably declined: but in 1901 everyone was fully employed and wages had materially advanced.

The total value of American manufactures in 1902 was double that of 1896.

In 1896 the farmers produced 40,000 tons of beet sugar, while in 1901 their output was 185,000 tons.

The railways carried 335,788,853 tons more freight, paid £11,763,100 more in dividends, employed 191,033 more men, and paid £21,688,062 more in wages in 1900 than they did in 1896.

This enormous increase in prosperity could be pursued throughout every industry in the United States.

Employment increased double population and wages increased double employment.

Wages increased in five years more than £1,200,000,000.

Thus we can see why, within nine years after the "Protective" Tariff had been re-established, the wealth of United States farms increased 57 per cent, or a total of over £6,000,000,000.

General business was simply better.

The bank clearings in 1901 were £2,063,784,512, more than double what they were in 1896 (an increase of over 120 per cent).

There can be no doubt that the "Protective" Tariff furnished the American farmer not only with an enormous indirect benefit, reflected from the generally prosperous industrial condition it created, but it also delivered substantial direct benefits from its "Protection" on farm products, until the United States home market to-day consumes 91 per cent of its wheat and 98 per cent of its maize, and dairy exports have fallen off 72 per cent in six years all on account of a "Protected" home market.

As a small example, let us examine its effect upon the egg crop, which might be almost called the smallest of the farmer's by-products.

During the year ending June 30, 1889, the free imports of foreign eggs amounted to a total of 16,000,000 dozen (12,000,000 from Canada), and the total value of these eggs was £483,795.

This amounted to over 50,000 dozen eggs per day.

The price of these foreign eggs, you will see, averaged 7½d. per dozen in America.

On October 6, 1890, the McKinley Tariff placed a "Protective" duty of 2½d. per dozen on imported eggs.

The effect was instantaneous, and imports dropped at once from 16 million dozen to the amount shown in the following table.

Year	Dozens	Value £
1901 .....	8,233,043	.. 237,119
1902 .....	4,188,492	.. 104,448
1903 .....	3,295,842	.. 78,523

This 2½d. Tariff kept out in three years some 32,000,000 dozen of foreign eggs, gave the American farmer over £1,000,000 more money, and yet you will

see that the price of eggs had declined 1½d. per dozen —to less than 6d.

The British farmer is in even a worse condition under "Free Trade" than was the American farmer in 1889, because he is close to more competing countries.

In 1912 there were £8,000,000 worth of foreign eggs imported into Great Britain, and it is safe to assume that if there had been a "Protective" Tariff of 2½d. per dozen on eggs, at least £4,000,000 (one-half) of this money would have been kept at home and distributed amongst the British farm housewives.

The chief British imports next to corn from Russia are butter and eggs.

Not only should the British Parliament devote itself to the Fiscal "Protection" of the farming industry, but there is another British farm handicap which deserves and should have immediate attention.

It is the cruel preferential freight rates on foreign products.

The freight on eggs from Norway is 16/6 per ton, from Denmark 24/- per ton, and from Galway it is 94/- per ton.

The Irish farmer must pay four times as much freight on eggs consigned to the British market as that paid by the Norwegian, and five times as much as the Dane.

The freight on butter from Tipperary is 35/- per ton, while from Cherbourg it is only 20/- per ton, and from Antwerp 22/- per ton.

It is an outrageous fact that British gardeners near Southampton can save money by consigning their products to the London market via France.

Without labouring this point I must suggest that

the cruel, unjust freight differential needs the Government's attention far more than the Welsh Church needs disestablishing.

I suppose the railways would complain that they could not compete with the foreigners' "all water haul." In this they would evidently be losing sight of the fact that the money proceeds of the sale of the produce in question would indirectly benefit them indefinitely if distributed in Ireland, while they lose all future possibility of benefit from it if it is distributed in Norway or some other foreign country.

By using the same course of reasoning the English railway man would condemn the American railroad for being willing to haul the household and farm effects of an American settler to his new home on desert farm land at a freight rate considerably less than cost.

But the American railway man appreciates the anticipated future value to him of this settler in his new location.

Why the British agriculturists and horticulturists do not unite to demand—and secure—the reasonable "protection" they require and deserve, I cannot understand.

The benefits the British farmer ought to demand are as follows :—

- I. A "protective" Tariff on all farm products other than corn and beef cattle.
- II. The transfer of present food duties from tea, coffee, cocoa, and sugar to corn.
- III. The correction of the present freight preference to foreign producers.

## CHAPTER XIV

### ARMAMENT EXTRAVAGANCES

" O God ! that Bread should be so dear  
And Flesh and Blood so cheap ! "

(" Song of the Shirt.")

GENERAL SHERMAN once said " War is Hell," but in this modern age things have altered until now " War is only Purgatory, and Peace is Hell."

The only two things we dread about war are its cost in lives and money, yet these costs during the last three generations have been trivial in comparison with the lives and money you have expended in maintaining peace in Europe.

There are only two ways to stop war. One is to remove its cause, and the other is by " intimidation"—and it is the latter method which the misnamed civilised world has adopted.

War to-day is avoided by a " flash " and " parade " of strength sufficient to discourage and frighten the weaker party. This parade is far more expensive than would be the wars which such display frightens away.

In Europe to-day there are 4,000,000 of the best physically fitted men spending their lives forming this formidable military and naval " bluff " display, which, at best, is no more or less than a war scarecrow.

There are 1,000,000 other men engaged in manu-

facturing arms and livery for them to "flash," and the ammunition required for their practice, in order that these 4,000,000 men may be better able to slaughter one another in case at any time their "bluff" should fail.

These 5,000,000 European "war scarecrows" are not only removed from all useful producing pursuits, but it requires millions of other men to feed them.

Thus we see civilised Europe spending some 5,000,000 human lives each generation in maintaining a peace "bluff."

There are, then, many times more human lives sacrificed in carrying on peace for *one* generation than the total human sacrifice of all the wars of the last *five* generations.

The cost in money is also incomparable. The following table gives a list of the money expended in Europe in 1912 on the maintenance of peace armies and navies :—

	Army £	Navy £	Total £
United Kingdom ..	28,000,000	45,000,000	73,000,000
Russia .....	53,000,000	18,000,000	71,000,000
Germany .....	47,000,000	23,000,000	70,000,000
France .....	38,000,000	18,000,000	56,000,000
Austria & Hungary	23,000,000	6,000,000	29,000,000
Italy .....	17,000,000	9,000,000	26,000,000
Others .....	35,000,000	6,000,000	41,000,000
	£241,000,000	£125,000,000	£366,000,000

The most terrible war in history was the American Civil War of four years, but the total loss of human life in that war was only 300,000, while its cost in money expended and loss was only £1,600,000,000.

From the above table we see that four years and

four and a half months of peace costs Europe just as much money as four years of the worst war in history cost the United States of America.

There has never been a war in history which cost £30,000,000 per month, and yet that is the cost of maintaining the peace of Europe to-day. The South African War cost the British only 25,000 lives and £250,000,000. (About the same as her peace expenses for four years.)

The total cost to the British of the Crimean War was only £33,000,000.

Not only are there some 5,000,000 Europeans constantly engaged in non-productive "peace war," but those who are not so engaged, and are allowed to pursue useful vocations, are groaning with the £1,000,000 per day which they are forced to contribute in cash—even in leap year—to maintain these 5,000,000 idle, useless war "scarecrows"; and yet this expense in both men and money is constantly increasing at an alarming rate.

The total expense of maintaining the British nation in 1911-12 was £181,284,000, and of this sum the army and navy called for £72,945,000.

In other words, 40 per cent of the whole national tax burden of her people was caused by the cost of the army and navy.

Without doubt these forces are not kept for use, but simply as an intimidation or "bluff" in the hope that their formidable appearance will ward off the possibilities of not Europe's, but Germany's attack.

In 1908 the total net expense of the German Empire was 1,735,000,000 marks, and with the exception of 254,000,000 marks it was all spent for military and naval purposes.

Thus we can see that 85 per cent of the burden of taxation of the poor German was for a peace army.

This German army and navy is not maintained to ward off aggressive attacks on Germany by Europe, but to use in a campaign of aggression simply and solely to enlarge the selling market for German commerce.

So much then for the efforts of Europe to maintain peace by intimidation. Now let us see if it could be done better by the other course, of removing the cause of war.

What is the cause of war ?

There are three causes : jealousy, sentiment, and commerce ; but these three causes may well be boiled down into the one real cause of modern war or war dangers, and that is *Commerce*.

Jealousy and sentiment do not cause war—they merely cause people to back their country after war has been declared.

The primary cause of war amongst leading nations is *Commerce*.

Why do all the Powers watch each other so carefully, with growls and snarls, whenever China is being administered ? Why do they tumble over themselves in the laughable desire to lend money to China ?

It is simply that each is anxious for commercial advantage in the Chinese markets.

Why does America interfere with the domestic controversies of Mexico ? It is merely to protect Mexican-American commerce.

The British demand that America shall refrain from granting any advantage over her to American shipping commerce in the Panama Canal.

A few years ago we saw the amusing and amazing spectacle of both Great Britain and Germany making a joint "bluff" naval display in front of little Venezuela, all over money invested there by citizens of their respective countries. Even the Lion and the Eagle united over money losses.

Within three years we have seen the peace of Europe trembling in the balance over the attempt of Germany to encroach upon the French market in Morocco.

There is not one single treaty made between nations of to-day whose very base and purpose is not "markets" and "commerce."

There is not one delicate diplomatic task to-day which does not arise out of "markets" and "commerce."

No ; there is absolutely no danger of war in Europe ever being declared except for a commercial reason, and this being true, then all this expense of armament is maintained simply as a protection to existing commerce.

Each nation is afraid that another will interfere with her *export* market, not her home market.

They all want territory, and they want it solely as a market for their product.

Therefore we descend from the noble and glorious heights of war to vulgar commerce and money quarrels, and we find that, after all, the whole "fuss" is between the butcher and baker and machinery maker—and it is over money and customers.

How much money ? What is it all about ?

This European annual armament expense of £366,000,000 is not maintained to protect European merchant marine, for the total value of the merchant marine of the whole world is only £600,000,000, so it

must be the commerce this marine carries which they wish to protect.

No nation ever fought to protect her *imports*—it is her *exports* she bleeds to protect.

It is not even the total value of her exports she fears losing, but it is only her profit on them she hopes to continue.

Now in 1911 the total exports of Great Britain amounted to some £450,000,000, but her profits on this sale could surely not have amounted to more than 20 per cent, or a total of £90,000,000. So that after all we find that Great Britain spent £73,000,000 in 1911 to maintain an army and navy which would frighten other nations away, and keep them from interfering with this £90,000,000 of British export profits.

The insurance in this case costs a premium of 8*i* per cent, or, in other words, the cost of protecting this market is four-fifths as much as the whole value of the market.

An excited politician once declared, that “if necessary he would sacrifice every plank in the Constitution in order to save the remainder ! ”

Now if Germany were to declare war against Great Britain, defeat her, and secure every concession she demanded of Great Britain, there would still remain a great portion of this £90,000,000 export profit which would continue to come to British exporters. This proves that a large portion of this export trade did not need any insurance at all, for it could not be destroyed by war or absorbed by the victor.

The total foreign trade of Europe must be divided by two to find the total exports. If you do this, and then take half of this sum as being the maximum

amount of the exports that would or could be destroyed by war, and then take 20 per cent of this last sum as its profit, you will find that Europe is paying out each year to protect her export profits more money than they amount to, and she would actually save money by dropping both foreign exports and their protection.

Since it is not reasonable to suggest that we can remove the danger of war by putting a stop to its cause (commerce), we must then continue the international policy of "parade of strength."

Now if Great Britain expects to intimidate Germany, she must not only exhibit her dominating army and navy, *but she must display a financial ability to increase this strength, if necessary, practically without limit.*

Your purpose is to stop the increase of this display burden at some point short of the limit of tax-paying capacity and endurance.

Is it not ridiculous for Great Britain to suppose, in this day of public debate, that Germany does not know that she is pushed close to the limits of her financial endurance?

How laughable it is to see the First Lord in his 1913 Parliamentary speech in one breath specially plead with Germany to join him in an agreement that neither shall further increase armament burdens, so that Germany will remain subservient to British sea guns, and in the next sentence declare that Great Britain was still quite ready and willing to continue to build and maintain a navy equal to any two nations, plus 10 per cent.

In my opinion both Germany and Great Britain would be delighted if something would happen to stop the awful armament fight.

I once heard of a fist-fight which was arranged in a logging camp, between a big Irishman and a burly negro, to determine which should be the camp bully, and it was agreed that the one who was ready to surrender should shout "Sufficient."

After a long, hard battle, during which each looked many times like the victor, the Irishman finally shouted "Sufficient," and the bruised and breathless negro panted :

"'Pon my word, boss, I been tryin' to think of dat word for ten minutes ! "

I really believe that all national contestants in Europe's armament race are trying as hard as that negro to think of something which would stop the fight.

Germany alone has pressed Great Britain to the limits of taxable endurance, and one smiles to imagine the British predicament if, all at once, the United States, smelling danger from Japan, should begin in real earnest to build a navy—with her untapped resources and her thorough way of doing a job and doing it quickly.

Where, then, would Great Britain's "two-power standard" policy be ?

Germany knows as well as England does, that a little more "pressing" and she will be permitted to have a navy equal, and an army much superior, to that of Britain.

Great Britain can parade her present navy, but she cannot parade any dormant capacity seriously to enlarge it, and this must act as a "spur" to Germany in pushing forward this armament expense until she is safe in striking.

Is Germany constantly increasing her armament burden as a permanent load ? Not she ! She is simply

creating something she intends to use, and after she has finished with it she will reduce the burden.

The peace of Europe and the security of Great Britain to-day is not due so much to the formidable British Navy as it is to her foreign treaties with France, Russia, and Japan.

Therefore we must agree that British security at this moment is in the keeping of fickle France, who holds the fate of Great Britain in the palm of her hand.

Can Great Britain afford to sleep soundly when her very existence depends upon the caprice and fluttery spasms of fickle and hysterical France, who has never in her history been constant for long to any nation, or even to her own Kings, Emperors, or her republic? A people which was swayed for and against its Emperor by each victory or defeat, whose public opinion overthrew first monarchy, then republic, with equal enthusiasm and equal bloodshed, and in quick succession, back and forth, as the whim or notion was uppermost: a people which has had some fifty Governments in forty-three years, since the present republic replaced the Empire, not counting the times the Cabinet has been dismissed when the Prime Minister remained: a people, indeed, which may be regarded as a "frivolised" rather than a civilised people.

Such security is built on shifting sand, and is not dependable, when in May, 1913, we read of the Spanish monarch's offer, while in Paris, to sign another alliance, when we know of his later proposed visit to the German Emperor, and when simultaneously we read of the progress of a Peace Conference between over two hundred members of the German and French Parliaments. No! The very treaty of security may at any

moment become the fuse of a war which may destroy the British Empire.

One's security should lie in one's own hands.

Suppose that—in spite of treaties—Germany were to wage war against Great Britain. We will also assume that Great Britain defeated Germany.

The German navy is not an obsolete and “back-number” navy, manned by an incompetent force; on the contrary, she has a very modern and formidable navy, and in defeating her Great Britain must lose heavily of her own precious and expensive navy, and when the smoke of war had shifted an inventory would show a British navy so damaged and reduced that her people could never expect to stand up under the financial burden necessary to rebuild her dominating strength, and the proud British people must sit passive and watch the control of the sea and foreign markets pass to either the United States or Japan.

British statesmen (I will not give a list of them) hold in their hands to-day a remedy for all the evils present and future, contained in this chapter, if they would only turn their attention from local issues, such as the Welsh Church and Scottish Temperance, drop party politics, and centre their attention for a short time on uniting rather than splitting up their national parts.

I am not a silly peacemonger, and I heartily endorse “intimidation” as the only sensible method to pursue in stopping this mad and impossible armament race, but I do claim that this course will not accomplish the results desired if Europe continues to pursue its present inadequate methods.

“Intimidation” as practised to-day is not intimidation at all, because it has a tendency to spur on the increase in armaments rather than diminish it.

It does not intimidate.

The reason European armament expense has mounted to its present ponderous size is simply because Germany has been increasing hers, so that the only cure for it all is to stop this German increase.

Now if Great Britain with her present navy could show Germany that she had an unlimited supply of money for further necessary navy increases, and if Germany could see that even if she did increase her armament burden, Great Britain could, and would, without punishment, simply go on building up her strength, then I say Germany would cease to take on these burdens, and the armament race would be over and past.

Instead, then, of the British nation actually parading her strength, it is only necessary for her to parade her ability to pay for that strength if called upon to do so.

Her statesmen should, then, be devoting less attention to increasing armament, and more to increasing visible financial resources. The solution is thoroughly discussed in another chapter on Federation.

Germany regards her British opponent of to-day as a nation containing 121,000 square miles of area and forty-five million people, who are already overburdened by taxation, and she hopes soon to find the limit of British armament capacity.

If the British Empire were federated into a United British Empire she would present for Germany's inspection an area of over eleven million square miles, and a taxable population of over four hundred and twenty-one million people.

To-day Germany's opponent is smaller than Germany in area, population, and taxable resources, but under the new arrangement Germany would face an

opponent with an area fifty-five times her own, and with a taxable population six times her own, and with absolutely bottomless and inexhaustible resources.

I am not of large stature, and when I was running saw-mills and logging camps in the States I frequently found it necessary to threaten my rough river men with serious physical punishment of various sorts if my orders were not obeyed.

Now had I stood six feet two in my socks, and had I tipped the scales at fourteen stone, they would have taken my word for it, but as it was I was forced almost invariably to either "make good" or risk losing my disciplinary strength, and in this way I managed to accumulate quite an interesting (to me) assortment of scars and blisters.

If Great Britain had a "Protective" Tariff wall around these four hundred and twenty-one million people, her Tariff collections alone (most of them paid by foreign producers) would build her a navy which could and would successfully police the world undisputed for another thousand years.

Under her present Fiscal system Great Britain need not complain that Germany is forcing her to increase her armament burden, for Great Britain is not only asking her to do so, but is giving her the money to do it with.

In 1911 British producers paid over *eight million pounds* in duty on competitive articles which they exported into Germany, and Germany paid Great Britain not one farthing.

The Germans took this British money and spent it on a German navy.

Not only this, but Great Britain enlarged the field of her charity, and presented to other Euro-

## 300 THE CURE FOR POVERTY

pean countries the tidy sum of nearly forty million pounds more, which, as a rule, they also used to increase this European armament burden.

British producers in 1911 paid in duties to Germany, France, and the United States a total sum of money one-half larger than the whole sum spent by these three countries on new armament, and received from them not one penny in duties.

*“Free Trade” is noble, but it is not good business.*

It is queer that British business men do not follow their great King’s advice and “WAKE UP” !

## CHAPTER XV

### THE FEDERATION OF THE BRITISH EMPIRE

" God makes men, not partisans ;  
All men, sun-crowned and truly great,  
Use us as willing artisans  
To mould and form a nobler State."

**N**O man can legislate nationally who cannot think nationally, and the prime purpose of any great man should be to establish a great truth rather than win a personal or party victory.

For more than a generation the air has been filled with the evening speeches of British politicians, all of whom top off their oratory with a *climaxial* peroration on the grandeur of the future Unified British Empire in preference to the old customs of using some poetical touch by the eminent Kipling.

Everybody seems to recognise the superior political strength of even oratorical suggestions of uniting the scattered parts of the British Empire, but no one seems to have given the matter sufficient thought to have evolved any practical plan by which this admittedly necessary, beneficial, and popular result might be accomplished.

But we must not expect too much real thought from these politician speakers, who, as a rule, seem to talk *to rest their minds*.

When I was in the saw-mill business in the United States I used to have a little steamboat which towed logs down the river to the mill.

This boat had a five-foot boiler and an eight-foot whistle, and whenever the whistle blew the whole machinery stopped for lack of capacity to keep the lot working at once.

Thus it seems to be with these spread-eagle political orators who brandish the bellows so furiously from their paper platforms. If you could get them to think a bit before they began to throw out ballast they might light somewhere in the range of practical possibility.

It is impossible to read any issue of a single British newspaper and escape some paragraph pointing directly or indirectly to the drastic need of some plan of unionising the Empire, or of some organisation formed for the purpose of promulgating propaganda amongst the people in order to prepare them for the presentation of some reasonable plan.

In fact "unification" has ceased to be an Imperial ideal, and is now a "state of mind" in all parts of the Empire.

Orators find that no other reference will secure an equal ovation from their English audiences, and Dominion officials on visits to England, tired out with waiting, speak of such a plan with a lowering brow and almost menacing impatience.

By a narrow majority the reciprocity treaty between Canada and the United States was defeated in Canada, and now the foolish United States "Free Traders" have given the Canadians everything they wanted, and the Canadians are pouring their farm and timber products into the States and smiling a broad grin of utter content and prosperity.

But one wonders what will happen when the Canadian gets used to the right to this juicy market and all at once it is jerked away from him.

Won't he be glad to get it back even by a reciprocal treaty? *Can Borden defeat it then?*

The closing of the United States market by a Tariff is as certain as possible at the next Election in 1916.

Then can you hold Canada?

Since 1891 the British imports to Canada have increased threefold, and during the same time those of the United States have increased eightfold.

The United Kingdom once had one-third of the Canadian imports, now they have one-sixth.

In 1912 Canada paid United States merchants \$435,700,000 for imports and only \$138,700,000 to British merchants.

The British people and those of the Dominions have been prepared and waiting patiently for the creation of a Federated British Empire for several years, and yet if you examine the oratorical products of the British Parliament you will not find one single declaration which comes nearer to suggesting some definite plan than "It has been discovered that great difficulties confront such an arrangement."

I am reminded of a consultation of country doctors in a small village in the States.

After a lengthy and exhaustive examination of the patient, the spokesman looked wisely over his spectacles and declared:

"Gentlemen, our examination has convinced me that the patient is seriously ill."

This verdict met with general nods of agreement.

"And what do you suggest should be done?" queried a younger member of the conference.

"Well," replied the venerable doctor, "I am convinced that we should do something to relieve the patient and destroy the disease."

And the consultation ended.

One is tempted to forget that history does not charge the British people with a habit of running away from difficulties.

Of course there will be difficulties.

The Australian Federation was discussed for fifty years before it was completed, but it was finally accomplished, and the result was such an instantaneous leap forward, and such marvellous and continuous progress, that no one could now be found who opposes its plans, regrets its accomplishments, or does not wonder why it was not done long ago.

There is perhaps not one thinking member of the British Parliament who, if asked the direct question, would not reply that he had no doubt that some workable plan could be devised which would be satisfactory to both the Mother Country and her Colonial offspring, and yet no plan comes forth.

Time is moving onward, and events continue to alter conditions, and it is safe to assert that every tick of Time's clock increases the difficulties which will be met in perfecting the Union of the British Empire. Yes, and even brings the British Empire one tick nearer the time when such a Union will be impossible.

Many changes are clearly visible. In the olden days the Overseas Dominions were called British "Dependencies," but to-day this would be a misnomer, for evolution has now exactly reversed the position, and, as in human life, we see the Maternal Country leaning with ever-increasing weight upon the strong and growing shoulders of her stalwart offsprings.

Only in naval defence do the Colonies now depend upon the United Kingdom, and even that navy would soon be useless to any of them if it were not maintained by revenue provided indirectly by the Colonial markets, and were it not nourished by Colonial food products, and backed by citizen armies which must be drawn from sturdy Colonial citizenship.

What Englishman of the Armada or Trafalgar times would have believed that the day would come when Germany would menace the British navy by building ship for ship, or that the British Empire would congratulate herself upon having pagan Japan as a strong naval ally?

A satisfactory plan will never be perfected unless the basis of a start shall be decided upon, and a preliminary outline adopted which will focus thought upon the undertaking, and gradually, by amendment and alteration to meet the difficulties encountered, produce a plan which will be acceptable to a majority of the electorate of the various Imperial countries concerned.

The British statesman's approach to this project is usually spoiled at the start, because instead of forgetting all existing systems and methods and starting a fresh, clean, modern, and entirely new plan, he is inclined to try to alter and amend the present system to produce the desired result.

You cannot "patch" your system any more successfully than you can patch your trousers. You only waste and spoil the patch and advertise the antiquity and imperfections of the trousers.

This new plan must be designed without consideration for the existing system, and at the sundry "fittings" you can make the necessary alterations to fit

any abnormal "treaty" knots or other deformities which you encounter on the body politic.

It is the outline for this start which this chapter proposes, and in order to simplify the beginning I am going to assume that there are no difficulties to meet, and therefore formulate the simplest possible plan for securing an ideal result, and from this preliminary design let the great minds of the Empire build a structure, with such amendments and additions as are necessary, to meet to-day's difficulties and the anticipated future complex and intricate peculiar requirements of the widely scattered peoples concerned.

When this plan for Imperial unity is discussed many counter-suggestions and proposals will, and must be made, but in considering them we must use the same practical, hard-headed laws which we use in commerce.

Seldom have successful "commercial" or "trust" combinations been formed by "contracts" or "treaty agreements."

It must be done by actual amalgamation and absorption, or it can be too easily undone by the simple process of repudiating a contract.

The amalgamation must be so complete that the executive, defensive, and disciplinary powers will be all taken away from the individual parts and vested in the new whole.

We find encouragement in approaching this ponderous problem to find that it has been both approached and solved in the past by other intelligent people, and we are thus able not only to profit by the practical successes of their experiments, but we are able to avoid the mistakes and flaws they experimentally adopted.

The United States and Swiss Republics, and the

Germany Monarchy, have for some years past been operating under such plans, and their progress, each in its own way, has been almost equally successful, yet each of them found itself faced with most discouragingly intricate difficulties when it first approached the task of completing its Federal amalgamation.

The British Empire contains over 400,000,000 people, of every race and colour, widely scattered about the earth, speaking a perfect Babel of tongues and worshipping a bewildering variety of True Gods.

Yet each and every one of these brands of difficulties, except the geographical one, was met by peaceful and prosperous little Switzerland.

The statesman who undertook the Federation of Switzerland encountered tremendous obstacles.

There were twenty-five separate States, or Cantons, each with its own Government; one-half of the people were enthusiastic Catholics, while the other half were equally staunch Protestants; part of the people spoke and still speak German, another part French, and a third part Italian; yet Swiss statesmen managed to amalgamate this insoluble mass of differences into such a successful whole that results indicate that each difference really became a valuable alloy when mixed with the others, and Switzerland began at once, and has continued without check, to advance her welfare and enhance her international importance.

Not only is April 16, 1871, the date of the Constitution of the German Empire, but it is the date of the real entrance of the German people into the world's contest for advancement, importance, and commercial consequence.

Never before this date was German production or resources a menace to the British commercial and sea

monopolies, but ever since that date the German nation has been constantly encroaching upon the commercial and nautical preserves of Great Britain, until to-day she is next to the greatest of Britain's commercial rivals, and is her most dreaded sea competitor.

There can be no doubt that her present position would have been utterly impossible except for the Federation of 1871, which equalised the national burdens, protected internal effort, and created a unity of action which can only be achieved by the amalgamation of great ambitions.

Were he alive to-day, Prince Bismarck would no doubt agree that the task of Federating the German States into the mighty German Empire of to-day was not an easy one, but it was accomplished, and its results must fill the heirs of those great constructive men who completed that Herculean task with pleased astonishment, as well as everlasting patriotic gratitude.

This task called for the uniting of no less than twenty-six Kingdoms, Grand Duchies, Duchies, Principalities, and Free Towns.

The people of these twenty-six spoke German, Polish, Dutch, French, Wendish, Masurian, Danish, Lithuanian, Cassubian, and several other languages.

Sixty-two per cent were Protestants, 36 per cent were Catholics, and the remainder worshipped under various other beliefs.

More jealousies and other serious difficulties confronted the welders of the German Empire than would be encountered by an attempt to unite the self-governing parts of the British Empire.

The Federation of the United States of America was an even more difficult and expensive undertaking than

either that of Germany or Switzerland. People are generally more ready to join hands in the face of a common danger than during unmenaced periods.

The thirteen original American States were drawn together in defence during the War of Independence, and a Continental Congress was formed in 1774 whose independence was recognised by Great Britain on November 30, 1782.

On the day the Continental Congress appointed a Committee to frame the Declaration of Independence, it also appointed another Committee to prepare "Articles of Confederation," but it was not until 1777 (three years later) that Congress adopted the "Articles of Confederation and Perpetual Union."

It is little wonder that this "Federating" plan was clumsy, impossible, and a failure, for this was the origin of Federation, and its designers had not the advantages available to-day of the practical experiences of other similar undertakings.

This first crude American system of Union was nothing more or less than a plan of alliance, which was just about as workable as a British Alliance would be.

It would last about as long, and work about as smoothly as the wedding of Sir Edward Carson to John Redmond.

The friends of British Alliance mix up a bewildering puzzle of conference arrangements and call it, unless they are pressed in argument, "A British Union."

I once heard of a class of boys at school who were ordered each to draw a sketch of Abraham Lincoln.

The next day the teacher inspected the sketches, and finally picked up one which hadn't the slightest resemblance to Lincoln, and its youthful artist evidently hadn't much confidence in the likeness himself,

for when asked, "Do you mean to say that this is what you imagine Lincoln was like?" to be on safe ground, and with a bashful shuffle, he replied: "No, sir, that's a friend of Lincoln's father."

Alliance to me looks about as much like a "United British Empire" as that portrait probably looked like Lincoln.

It was not, in fact, until 1789 that this first crude plan was completely discarded and the real Federation of the United States of America, under its present Constitution, was completed.

Not only were the difficulties general and great, but it has been necessary some sixteen times since then to amend this Constitution, and on one terrible occasion the difficulties could only be settled by the most terrible war in history.

But in spite of all these difficulties that great Federation is at last complete, and any critic must concede that its results are sufficiently magnificent to justify all the effort and cost which it absorbed.

The successful completion of these three separate and different forms of Empire should not only encourage the British statesman who approaches the problem of Imperial Union, but these three distinctly different experiments also furnish useful patterns, and their faults, flaws, and advantages should furnish valuable danger-signals and guide-posts, which ought to make possible the construction of a well-nigh workably perfect British Empire.

An Empire possessing the following advantages would constitute a perfect Empire:—

- I. It should contain sufficient area for its probable future population.

- II. Its area should be so distributed as to enable its inhabitants to produce within its territory abundant quantities of all things required by its people.
- III. It should possess a physically able people, sufficiently numerous to man an army and navy of overwhelming strength.
- IV. It should have revenue resources which would enable it to equip and maintain such an army and navy without hardship to its taxable prosperity.
- V. Its government, opportunities, and responsibilities should be equally shared by all its peoples.
- VI. Its expenses should be paid by other nations.

At a glance one is likely to doubt the possibility of ever finding and combining the above extraordinary qualifications, but let us see if His Majesty King George the Fifth is not enthroned at this moment upon the throbbing heart of just such an Arcadia, if his trusted statesmen would only recognise the splendour of the natural advantages at hand, and create out of them an Empire worthy of so modern a monarch.

Let us examine these six qualifications and see if it is not possible that the British Empire might be so rearranged as to enjoy each and every one of them to the full.

The British Empire contains a total area of 19,814,433 square miles, and a total population of 421,178,965.

There can be no doubt that the British Empire has an abundant area to accommodate her probable future

population, since she could domicile sixteen times her present population and still not exceed the population per square mile (618) which is the present average in England and Wales.

In other words, if her usable area only was all peopled as densely as England and Wales, she could "home" more people than the total population of the world. Thus she easily possesses quality No. I.

That area is fairly evenly distributed amongst all hemispheres, and enjoys all climates, and practically every product known to man, from a bushel of wheat to a white rhinoceros, is being or could be produced in sufficient quantities within this area.

The Empire, if shut off from all international intercourse, need never suffer a shortage of any known commodity or luxury.

Thus we find she also possesses qualification No. II.

There can be no doubt that she could recruit an abundant supply of splendid men for a perfect army and navy from territory flying the British flag, and thus fulfil, as far as defence is concerned, qualification No. III.

The British Empire, as now constituted, fulfils none of the remaining three qualifications, IV, V, and VI, simply because her statesmen have neglected to take advantage of the material at hand, from which they could easily complete an arrangement which would automatically bring into being these three remaining qualifications necessary to complete an ideal Empire.

Qualification No. V only requires federating into one United Empire *the British Isles, Canada, the Union of South Africa, and Australasia*, having one Imperial Parliament composed of equal *pro rata* population representation.

When this Federation has been accomplished you will find that the Empire then contains sufficient taxable resources to enable her to meet qualification No. IV. This would naturally be entirely indisputable, provided you could devise some arrangement by which you could meet qualification No. VI and make foreign peoples pay the expenses of your new Empire.

Let us see how this might be done.

The new Federal Government need not experiment, provided they can find some system already proved to have been successful in practical use.

You could not do better than to copy the general system which was adopted by the United States of America in 1789, and perfected for modern use by alterations and amendments, the last of which was made in the present year, 1913.

The United States was first completed by joining together the thirteen original States, each of which had its own independent Government, consisting of two Houses of Legislation.

In forming that Federation there were only two really knotty problems encountered, and they are the same two which have annoyed the constructors of every other Federation, and which will confront those who undertake to Federate the British Empire. The first was, "Who shall control the Government?" and the second was, "What proportion of National Expense shall be borne by each State?"

A reasonable solution of the first would be to leave control of the Local Governments in their own hands, and place control of the Federal Government in the hands of all the voters of all the States, in proportion to their numbers.

This would be most fair and reasonable, and would

guarantee that the Federal Government would be so guided as to be of the greatest benefit to the greatest numbers.

The second great query, as to "What proportion of the Federal expenses should be paid by each State?" was the very rock upon which the first United States Federation foundered and sank.

Under the "Articles of Confederation," the Government had no method of raising revenue except by asking for contributions from the several States. Moreover, each State regulated her own commerce with other countries, and even with other sister States.

They levied duties against each other, as well as against foreign countries. Some States had actual "Free Trade" with foreign countries.

In fact, this first attempt to frame a workable plan was as bewildering, unworkable, and laughable as is the present system of the British Empire.

When Canada wants to make a reciprocal Tariff arrangement with the United States, she bumps into some complicating treaty made by the Mother Country, and when the Mother Country wants to execute a treaty with a foreign land she must carefully scan all the commercial treaties of the Dominions. Each British Colony has its own Tariff schedules against not only foreign countries, but against each other, and even the Mother Country—and no two are alike.

British Alliance between the Mother Country and her Dominions would be no more satisfactory.

Under this "Conference and Debating" system, I suppose if the Mother Country and her Dominions were opposed to each other on some important point, they would compromise exactly as was done by the husband and wife in the story. The wife favoured

linen sheets, but the husband found them too cold and preferred cotton ones.

"Well," enquired a friend of the husband, "how did you settle it?"

"Oh," replied the husband, "we compromised. We use linen sheets."

The second United States Federation settled this question in the most unique and laughably simple manner by deciding that *none* of the people of *any* of the States should pay *any* of such expense.

The Federal Government was to maintain a suitable army and navy for the protection of the boundaries of the Federated territory, and pay its own expenses, but it was forbidden by the Constitution to levy any direct taxes upon the people of any State.

To meet its expenses it was permitted to retain the revenues derived from Excise collections, the rental and sale of public lands, Post Office profits, and the Customs duties it collected on foreign importations.

[NOTE.—The United States Constitution was amended in 1913, and now permits Congress to levy an income-tax.]

In this simple manner the new Federation maintained itself without any direct contributions from any of her Confederated States, and this solution destroyed all reasonable objections which any State could have had to joining in the Union.

The only question which remained to be decided by experience was, "Will the Federal Office be able to support herself in that manner?"

Framers of the British Federation may well congratulate themselves upon the fact that the Americans tried and proved the practicability of this bold and daring plan.

The result was never in doubt for one moment, as the plan was instantly successful.

Seven years after the Federal United States began business President Washington (and I believe he had a somewhat well-known reputation for veracity), in his message to Congress, declared :—

“ Our agriculture, commerce, and manufactures prosper beyond example. Every part of the Union displays indications of rapid and various improvement, and with burdens so light as scarcely to be perceived. Is it too much to say that our country exhibits a spectacle of national happiness never surpassed, if ever before equalled ? ”

President John Adams, the second President, in his last message to Congress declared :—

“ I observe with much satisfaction that the product of the revenue during the present year has been more considerable than during any former period.

“ The result affords conclusive evidence of the great wisdom and efficiency of the measures which have been adopted for the protection and preservation of public credit.”

The third President, Thomas Jefferson, in his message to Congress in 1806 (only seventeen years after the adoption of the new plan) declared :—

“ I find that there is likely to be a considerable surplus *after paying all the Public Debt called for by our contracts.*”

In his next annual message he presents his views as to how best to dispose of the surplus in hand which was not required.

Think of it ! In seventeen years these revenues—without a farthing of taxes—had maintained the new

Federal Government, paid all the war and other debts, and produced a surplus.

In 1832 Henry Clay declared :—

“Behold our cultivation extended, arts flourishing, our peoples fully and profitably employed, our Public Debt of two wars almost redeemed, and, to crown all, the Public Treasury overflowing.”

Thus we see this laughably simple and extravagantly bold and daring Fiscal experiment had proved in practice to be more satisfactory than would have been predicted by its most optimistic supporters.

From that day to this the Federal Government of the United States has never levied any direct taxation for national support, and yet her revenues from indirect sources have been abundant to meet her current expenses and provide a sufficient surplus to permit her to spend millions of millions for (1) the rapid development of her great national resources, (2) the purchase of her splendid navy, (3) the improvements of her rivers and harbours, (4) the construction of the Panama Canal, (5) the conduct of the most terrible civil war in history, and several other successful and expensive wars, (6) to pay pensions to her ex-soldiers, amounting on June 30, 1912, to £876,673,632 (four times the total public debt), and (7) to maintain a national credit superior to any other nation in the world.

She has the largest aggregation of wealth, the greatest exports, the largest imports, the greatest home market, the largest output of manufactures, the best national credit, the biggest bank clearings, the greatest savings-bank deposits, and the lowest *per capita* debt of all the great nations in the world.

All this money was raised by a revenue system which added to, rather than subtracted from, the profits and financial prosperity of her citizens and her varied industries.

Although United States industry is to-day more highly developed and more varied than that of any other nation, and her Tariffs are efficiently high, still, of late years almost one-half of the revenue has been derived from Customs collections, yet 45 per cent of her import values have been admitted free of all Tariff duties.

The only periods of peace during which the United States system failed to produce a revenue equal to her expenses were those few times when her "Protective" Tariff was repealed and low Tariffs were substituted. For instance, during the four "Protected" years 1889, 1890, 1891, and 1892 the surplus revenues paid off £73,100,000 of the National Debt, but during the three "Free Trade" years 1893, 1894, and 1895 the National Debt was increased £26,000,000.

During the four "Protected" peace years the National Debt was reduced £75,000,000, but during the four "Free Trade" years the Government borrowed £52,400,000, which, with interest, added a total of £100,000,000 to the National Debt.

We find her to-day light-heartedly sailing along, well in the lead of every other nation on earth, from every Fiscal view-point carrying a hardly noticeable load of public debt (which for thirty years she has reduced at the average rate of £35,000 per day) amounting on June 30, 1912, to only £205,514,939 net (or £2 3s. *per capita*, against Great Britain's £14 *per capita*), and with an annual interest charge of only £4,523,260 (less than 2/- *per capita*).

The best feature of the whole situation is the fact that almost the whole of the United States debt is held by her own citizens, and 95 per cent of the annual interest is paid to her own citizens, and thereby kept at home in domestic circulation, together with the principal and the borrowed capital.

Not only did this new system of Federal Government please its designers, its States, and its people, but it was so successful and satisfactory that since its formation over 30,000,000 foreigners have emigrated to the United States to enjoy its superior prosperity, and the Federal Union now consists of forty-nine States instead of the original thirteen.

The following table, although not complete, because in many cases the figures are not obtainable until many years after the system had been in operation, will give some idea of the growth which has been made by this Federation since its formation.

				% inc.
Area, square miles .....	(1790)	867,980	(1912)	3,571,223
Population .....	(1790)	3,927,214	(1912)	95,410,503
No. of States .....	(1789)	13	(1912)	49
Vessels owned (tons) .....	(1800)	106,261	(1912)	7,714,183
Miles of railway .....	(1850)	9,021	(1911)	246,573
No. of post offices .....	(1800)	903	(1912)	58,279
Post office receipts .....	(1800)	56,161	(1912)	47,575,900
Customs duties .....	(1789)	nil	(1912)	61,000,000
Bank deposits .....	(1830)	1,395,000	(1912)	1,165,092,000
Savings deposits .....	(1850)	8,700,000	(1912)	842,516,720
Money in circulation .....	(1800)	5,300,000	(1912)	655,357,323
" per capita .....	(1800)	1	(1912)	7
Farm values .....	(1789)	No record	(1910)	8,000,000,000
" product values .....	(1789)	"	(1912)	1,700,000,000
Value of animals .....	(1850)	100,000,000	(1912)	1,001,600,000
" manufactures .....	(1850)	204,000,000	(1912)	4,000,000,000
Exports .....	(1800)	14,000,000	(1912)	492,000,000
" manufacturing .....	(1850)	4,645,000	(1912)	204,300,000
" to Great Britain .....	(1780)	2,000,000	(1912)	113,000,000
Imports from .....	(1780)	6,000,000	(1912)	54,590,000
Revenue .....	(1789)	nil	(1912)	198,449,000

No one could complain that this Federal system of both government and finance was not satisfactory

without complaining about the smallness of the gains which are shown above.

No one has a right to deny that it is the best system in the world unless they can point to another system which has beaten these results.

Let us compare the results of this "Protective" Tariff system with that of a "Free Trade" system.

In 1860 the population of the United States was 31,000,000, and the population of the United Kingdom was 29,000,000.

The wealth of the United States was £2,800,000,000, and the wealth of the United Kingdom was £5,800,000,000.

The United Kingdom had, therefore, about an equal population, but more than double the wealth, and probably more than four times the manufacturing machinery, of the United States at that time.

At the end of twenty years (1880) the United States, under "Protection," had added £6,000,000,000 to her wealth and 18,000,000 to her population, while the United Kingdom had only added £3,000,000,000 to her wealth and 6,000,000 to her population.

During this twenty years the United Kingdom had been at peace, and the United States had experienced the awful Civil War which had caused her a loss of nearly £2,000,000,000 cash and had materially interfered with her progress.

The British gains during this period are the largest in any like period in her history, while the United States gains are smaller than they were during the next twenty years. No one can claim that this American system of "Protected" Tariffs has not been a big assistance in developing natural resources without explaining why the development of Canada, scarcely

begun until after that of the United States, which adjoins it, had been practically completed, why Texas beat Mexico, or why Africa is not as well developed, as thickly settled, and as productive as Florida.

Under this American Federal system a Tariff was necessary for revenue, since they were denied the right to tax direct.

Let us assume that the self-governing parts have been united into a new British Empire, which cannot support itself by direct taxation. We find, then, that it is necessary to discard her present "Free Trade" system and adopt a Tariff system. Now in designing this Tariff system we must so arrange it as to force the foreigner to pay as large a portion of the national expense as possible.

What did the United States do?

They refused to lay any duty on any article which could not be overproduced at home, and they laid their duties on all articles which could be so produced. The reason they did this was because it was the only way they could hope to make the foreigner pay these duties which kept the nation going.

Had they placed the duty on tea (as is done in England), which they could not produce, then the foreign tea-merchant would simply have raised the price of his tea to cover the duty, and home tea-drinkers would have paid the duties almost as direct taxes.

But they did not do this. They put the duties on manufactures, such, for instance, as cotton carpets.

Now if a British carpet-maker wants to sell his carpets in the United States he has to pay a duty of 50 per cent on importing them, and if he pays this duty and adds it to the price of the carpet he will not

sell his carpet, for buyers will buy the home-produced carpet at a price to which no duty has been added.

The British dealer must then pay this duty and stand this loss, which he, in turn, may endeavour to get back by reducing his labour cost and wages.

In any case, the American consumer has not paid this duty, but some foreigner has. (In Chapter VIII I deal fully with this question as to who pays the duties.)

All Tariff countries, and all producers who import their products to Tariff countries, will testify that the foreigner pays the duty.

If the foreigner does pay the duty, then in 1912 foreigners paid £61,000,000 toward the expenses of the United States Government, and her people were relieved of that much tax burden; and if we complete the Federation of the British Empire, and surround it with a sensible Tariff, it is, I think, quite safe to predict that the Customs Duties collected by the new Federal Office would abundantly cover the entire national expense and *completely dispense with all direct taxation for national support*.

The national expenses of Great Britain and the United States are at present about equal, and the expense of maintaining a Federated Empire should be little, if any, greater than the present expense of the United Kingdom.

The imports for 95,000,000 American people provide approximately one-half of the revenue required by the United States Budget, and surely the imports to the 400,000,000 people of the British Empire should provide double as much.

In order, however, to be on the safe side, let us assume that the new Federated Empire only obtains

from its Customs receipts one-half of the revenue it requires.

It must, then, secure the remaining half from (1) Excise collections, (2) income-tax, (3) possible estate duties, stamps, etc., and (4) Post Office profits.

In practice it would be likely to be found that the Customs receipts from a scientific "Protective" Tariff would provide abundant revenue without any of these resources, and in case it did, and the total revenue provided an unnecessary surplus, then the Government could rearrange its Fiscal plan by any of the following beneficial alterations. They could either :—

- I. Pay the surplus back to each State in proportion to the amounts collected from its territory, which would enable it to reduce its direct taxation necessary for State government.
- II. Discontinue the collection of income-tax, or estate duties, or both, which would leave this tax resource available for State use.
- III. Reduce the Customs collections by raising the duties to a point which would reduce imports, and thereby add increased "Protection" to Imperial industries.

A Tariff is no longer a theory. It is a thoroughly tried financial instrument, whose qualities have all been put to severe practical tests.

So-called "Political Economy" has ceased to be a study, and must now be regarded as a financial disease flourishing in schoolroom cranks.

In past days we had to turn to the theoretical prophecies and predictions of such mental "guessers"

as Adam Smith, Richard Cobden, John Bright, Sismondi, Ricardo, Mill, or List to find out what would be the probable result of a given application of a Tariff.

We might just as safely rely on the advice contained in a book entitled "How to bring up Children" written by a confirmed "old maid."

Now Adam Smith's "The Wealth of Nations" was in many ways a very clever guess, and displays a remarkable foresight, but it was written in 1776, after a lifetime of close application to college life, absolutely separated from any affair more practical than lecturing and the supervision of his own and perhaps his mother's household accounts, and before even the first Tariff tests had been applied in 1789 by the new United States of America.

It is not probable that any one of these Fiscal authorities, except perhaps Cobden, was ever "bumped into" by any practical financial affair which did not inhabit a schoolroom, and yet hard-headed, bruised and blistered business men have ever since been inclined to look in these college-produced "Encyclopædia of Guesses" of the vintage of 1776 to 1846 to find out what will happen to them if they do a certain something 123 years after the death of the guesser.

Men of to-day have better authorities to which they can refer for guidance.

They are inclined to reject "theory" and accept "fact."

They can simply turn up the experience of some men who have tested any application they desire, and they will find there is not one single theoretical prediction made by any one of the past economists which has not

been tried in practice and tested in every conceivable way so that its actual results can be ascertained with little or no trouble.

Thus we can to-day adopt with accuracy and confidence all the good in these libraries, and reject with equal accuracy each false suggestion and prediction.

These early students of Political Economy were right in many things, but they were wrong in many others. They had to "guess" what would be the natural result of a certain procedure, and this they did with wonderful precision, but they also had to foresee how much and in what ways the minds of men were going to interfere with and deflect the working of the natural laws, and in this they failed.

Nothing so upsets the working of the laws of Nature as the mind of Man.

Cobden did not know that the mind of Man would, in less than fifty years, annihilate Time and Distance with steamships, steam-engines, and telegraphic communications. Neither did he foresee that the minds of the American law-makers would, by Tariffs, interfere with the right of British manufacturers to harvest the crop of American farm prosperity which he predicted his Repeal of the British Corn Law would cause.

Cobden was half right and half wrong, but the benefits of the right half went to the other fellow, while the hardships of the wrong half remained at home. The Repeal of the British Corn Tariffs did naturally increase the prosperity of the American farmer, but when the British manufacturer attempted to supply the increased demands of these farmers he was confronted with a solid artificial "Protective" Tariff wall, erected by the minds of American men, which interfered with Nature's result, and deflected this

market to such an extent that its benefits entirely missed Cobden's and Nature's beneficiaries, and landed snugly in the pockets of American, not British, manufacturers. There is no excuse for modern statesmen adhering to these false theories in face of the abundance of condemning practical results.

Cobden, in 1840, declared that distance and freights "protected" the British farmer, but we know that with to-day's railway and ocean facilities New York is only five days and Chicago corn is only sixpence per bushel from Liverpool.

Not one of these level-headed writers but would, were he alive to-day, agree to amend his ancient prediction to fit modern proved facts.

To find a patient's blood pressure a physician will wrap a hollow rubber band around the patient's arm and pump air into this band until the air-pressure stops the patient's pulse. With his eye carefully on the dial of the air-indicator as the air escapes, he will then be able to tell at exactly what pressure the pulse again became active.

Tariffs can be just as accurately gauged to-day. The operator must keep his eye on the indicator.

The indicator is the Customs receipts, and when the imports of any article cease, then it is certain that the Tariff pressure on that article is prohibitive, and by cautiously lowering it the Customs receipts will show instantly when the prohibitive pressure has been removed.

A perfect "Protective" Tariff is a prohibitive Tariff, which stops imports and produces no revenue, but a Tariff can be so synchronised with each industry as to provide both the necessary revenue and a maximum degree of "Protection."

No rigid Tariff can be perfect, and even the present-day practice of establishing a schedule of duties, which remains unchanged for a term of years, must be altered and a more flexible system must be adopted which will respond readily to the constant needs of ever-changing production conditions, moving up or down like the "governor" on a steam-engine as occasion demands, in order to retain its exact degree of usefulness, no matter what the changes are in the pressure of any one article.

A British Tariff in 1846 might have operated perfectly in "protecting" home industries from the imports of low-priced foreign labour, but to-day British industry needs "Protection" most against the products of the world's highest-priced labour, simply because the ingenious minds and skilful hands of modern men have devised clever machines for increasing men's producing capacity.

For instance, British producers of brass thumbscrews need no "protection" from the competition of foreign hand-labour, but they must be "protected" from the rows of little human-acting automatic machines which draw no wages and feed themselves with brass wire from an endless reel, peeling its end into the desired shape, drilling and threading where required, with a precision, accuracy, and speed impossible by man, and finally clipping off a completed product which is perfect in every way, and in the production of which there has been no labour expense whatever.

In this particular instance, there has been not only a reduction in the labour cost of the article, but invention has entirely eliminated all labour cost, and any Tariff which was satisfactory as a "protection"

to labour before this invention must now be altered to fit this new producing condition, or become dead and useless in its protective application to this particular product.

Hence I contend that future Tariffs must be in the hands of expert operators with their trained eyes riveted upon each of its complicated and numerous parts, ever ready to lift it here and lower it there, just as Stock Exchange prices are constantly writhing up and down.

The operation of a Tariff is nothing more nor less than an intricate financial question, and should be altered in the same manner and for the same causes as Bank rates and foreign exchange.

The first purpose of a Tariff is "Protection," but under this Federation proposal it must also produce a given amount of revenue, and when it produces more than the required revenue it should be moved cautiously up, and thus it could be made at all times to produce the exact return required, and sacrifice only that measure of "Protection" which revenue receipts demanded.

In 1913 it is laughable to see Great Britain wilfully refusing all "Protection" and revenue which a general Tariff would provide, in face of the fact that the British Chancellor of the Exchequer in his Budget speech confessed than on his present tax receipts he would be some £6,000,000 short; but although he confessed that British general business conditions in 1912 were extraordinarily and unusually good, still he felt quite confident that there would be sufficient further improvement to increase revenue returns from present taxation sufficient to furnish him with this extra £6,000,000.

One wonders if he would have been so optimistic

had the probability of the reduction of the American Tariffs been kept secret from him until after his Budget speech.

It is equally amusing to see the extravagant abuse and misuse of Tariffs by other countries.

Some countries seem to have gone on the theory that if one dose of morphine will relieve the patient temporarily, one hundred doses, all taken at once, will provide permanent relief. And so they would. They apply Tariffs in this manner, and the effect upon the patient—Industry—is exactly the same permanent relief.

In Spain the duty on a ton of pianos is exactly the same as it is upon a ton of watches.

In this case there is "Protection" and no revenue in the piano Tariff, but there is neither "Protection" nor revenue in the watch Tariff.

Frenchmen concluded that Tariffs were good things, so they applied a good one to the nation, and then almost every city in France built a fine one round itself, until prices of commodities in the city of Paris have risen to such an extent as to furnish British "Free Traders" with splendid "food cost" figures with which successfully to frighten the British voter away from the whole Tariff question.

Germany levies a reasonable Tariff schedule, but when she wanted to shut out certain American products she has been known to classify Chicago tinned meats as "fine hardware," and hams covered with ochre-filled canvas as "fine coloured vegetable fibre, tissue, or fabric."

It would be just as sensible for the Americans to bar German cheese by classifying it as "perfumery."

In days to come Governments will cease to have

their Tariffs operated by political parties, or even statesmen and politicians, but will place them in the hands of skilled scientific Tariff operators, who will monthly post their fluctuations just as the Bank rates, Stock Exchange prices, or the fluctuations of international money exchange is now posted.

As an illustration of the absurdity of expecting expert guidance in a complicated department by an efficient politician, I recently heard a story of a famous lawyer-politician from one of the interior desert States in America.

This gentleman on account of his fame as a politician had been placed at the head of the Navy Department as Secretary of the Navy.

When, amidst great ceremony, he was being shown over his first battleship, he stopped with startled surprise at the top of the first stairway and exclaimed in astonishment :

“ Great Scott ! The blame thing is hollow ! ”

What excellent results he probably got out of the Navy !

A new Federal British Empire could surround itself by an almost perfect Tariff by starting off with a high Tariff on all articles, and cautiously lowering it, and adjusting it all along the entire schedule, until the desired revenue was provided, and then continuing to rearrange it constantly to meet ever-changing conditions.

It could in this manner be kept almost perfect, but its operation must be kept clear of politics and theory.

The Government need only demand that the Tariff provide a given sum of revenue, and the remainder of the question might safely be left in the hands of the permanent operators and the “ Protected ”

producers, who would always alertly and persistently clamour for advantageous amendments which should keep the device reasonably perfect.

Let us discuss the following proposal :—

- I. That a Federated Empire be created by joining together (1) the United Kingdom, (2) Canada, (3) Australasia, and (4) the *Union of South Africa*.
- II. That the national affairs of the Federated Empire be controlled by a Federal Government, located in London, and consisting of two satisfactory Houses of Legislation.
- III. That each State be allowed representation in both Federal Houses in exact numerical proportion to its population.  
Thus a State with double the population would be entitled to double the representation in each house.
- IV. That each State continue to govern itself as freely as do the separate States of the United States of America.
- V. That the Federal Government be compelled to police and protect the Federated boundaries with a satisfactory Army and Navy.
- VI. That the Federal Government be forbidden to levy any direct taxation, except perhaps Income Tax and Estate Duties.
- VII. That the Federal Government be permitted to levy "Protective" Tariffs on foreign imports into Federal territory.

VIII. That no duties shall be laid on any article which cannot be overproduced within the Federal territory.

IX. That the Federal Government be permitted, if required, to retain for its maintenance all revenues derived from (1) Excise Collections, (2) Customs Duties, (3) Income-tax, and (4) Estate Duties, Stamps, etc.

X. That there be absolute "Free Trade" within the Empire.

XI. That any surplus revenue not required for the maintenance and operation of the Federal Government be returned or paid back to the separate States in proportion to the sums collected in such territory.

Now we have some definite plan to criticise.

This proposal must be laid openly before the electors of each of the States concerned, and the chances are thousands to one that it will be opposed in each State by the political party which does not present the proposal.

Equally certain is it that whichever party does oppose it would have strongly supported it if they had had the opportunity and good fortune to have been permitted to propose it as their own measure.

At any rate, we must assume that it will be opposed, criticised, and condemned mercilessly, and before it will be put to a vote all its merits and faults will be familiar to the electorate of the several States.

If it is fair, reasonable, just, practical, and an improvement, we may expect the electorates of the

several States concerned to accept it. If it is not all of these things, we should expect them to reject it.

Let us examine it ourselves, and see how it might be received by the peoples it would affect.

The Dominions might complain that :—

1. *The Federal Government would be dominated by the greater population of the United Kingdom.*
2. *The present British National Debt and other responsibilities were too great for them to assume.*
3. *Colonial manufacturers would then be destroyed by English competition.*
4. *Prosperity might become so general and severe as to stop the present useful emigration from the British Isles.*
5. *The Federal Government would take away present Colonial Customs receipts, which help to defray the expense of governing their States, and leave them to defray that expense by increased direct taxation.*

*Objection No. 1* would have as good an effect upon the electorate of the British Isles as it might bad effect in the Dominions.

Any Government which expects to prosper and endure must be founded on equal rights to all its individual citizens, and it is fair and reasonable that the Government control should be in the hands of a majority, and it would be both unfair and temporary if that control were placed in the hands of a minority.

As long as the British Isles contained more than half the voting population of the Empire, so long would she and should she have the greatest number of votes in law-making decisions.

But under the new system the United Kingdom could be no more certain of retaining that electoral

supremacy than were the New England States in America.

The United States electoral control and centre of population has moved westward toward its frontier States with as steady a stride as that of progress and development, and, under Federation, I predict that future Imperial voters will wonder how the United Kingdom, with its small area and limited natural resources, ever expected to outvote the Colonies when once they were developed and peopled.

We may feel sure that the domination of the new Federal Government by the voters of the United Kingdom will not last any longer than it takes to develop the Colonies.

A careful examination of the clauses of the proposal we are discussing will convince one that no controlling influence could possibly injure any part of the Federated territory.

The Dominion vote might not be sufficient to enable them to form the Cabinet, but do they do so now?

Would not the Dominion electorate be in a better position under the new arrangement than they are in now, when they have not even a voice nor a single vote on national issues?

The Dominions are ruled, dominated, and bound to-day by the acts of a Government formed by a political party who secured power in a fight on issues which were absolutely unknown to the people of the Dominions, and which could not possibly have concerned them.

Almost every measure passed by or even discussed in the British Parliament during the past seven years was of absolutely no consequence to any part of the Empire outside the United Kingdom, and under a

Federal system these measures would have been disposed of by the Government of one State, while the Imperial Parliament would thereby have had sufficient time carefully and accurately to consider Imperial affairs, which of late years are almost entirely "pigeon-holed" to give time for local partisan, vote-getting measures, which have overworked the exhausted members of Parliament to accomplish exactly nothing of Imperial importance.

I am inclined strongly to predict that any plan under which the electorate of the Dominions is at last to be allowed a voice in national affairs equal to the voice of the present British electorate, would return the party advocating it with an overwhelming popularity and majority, sufficient to keep them in power without interruption for a generation.

*Objection No. 2* was thoroughly disposed of by that learned jurist Dr. Lawrence, who, in a recent lecture at the London University, pointed out that by international law the Dominions already share all the obligations and responsibilities of the nation.

Under present arrangements the British Parliament may declare war against a foreign nation, or a foreign nation may declare war against Great Britain, and in either case the Dominions have not been consulted, but in both cases the Dominions would be held by international law, and treated by the British enemy as British belligerents, even though they had expressly declared their neutrality.

The Dominions are at present as fully responsible under such a law for the whole of British obligations as the endorser of a promissory note would be for both principal and interest.

It is held by Dr. Lawrence that international law

regards the British Empire as one " person " who could not be at peace and at war at the same time with any other international " person."

An enemy or creditor would decline to take cognisance of the internal arrangements of the British realm, and would pursue his operations against the subjects of the " King of the United Kingdom of Great Britain and Ireland and the Dominions beyond the sea " wherever he could find them.

If this, then, be true, objection No. 2 ceases to be an objection, and becomes a prominent leading argument in favour of their joining such a Federation, since they would in this way take on no additional existing obligation, but would secure a substantial voice in the creation of future burdens

But aside from the legal point of view there still remains fairness and justice to be considered.

When a man lives in England he does not expect to escape his share of either national obligations or taxes, and it is neither fair, just, nor honest for him to attempt to escape these obligations by merely migrating to one of the Dominions.

If he owed any sum to his English grocer before he left, he still owes it after he has moved.

If he owed his nation anything when he left, the debt must follow him to his new home as certainly as does the sun and the flag.

If he prospers under the protection of the British navy, he should pay his share toward its support, and any plan under which he repudiates this debt is neither fair, just, nor honest.

What could appeal to the Dominion voter as being more fair or more acceptable than a plan under which he knew he was for ever safe from all possible foreign

interference or aggression, and under which every man had an equal voice in the national government, and each man would pay an equal share of the difference between the national expense and the total sum collected from the foreigner on his imports?

Any politician or party who opposes the Federation on this ground simply advocates accepting the national benefits and repudiating payment of the just or even legal share of the national expense.

*Objection No. 3*—that the Dominion manufacturers would, under Imperial “Free Trade,” be destroyed by the “dumping” of English factories—would, under the new arrangement, rapidly disappear.

The Dominion manufacturer has now and will retain two great advantages over his English competitor. He is nearer the Dominion market, and he is nearer the supply of raw material.

He can buy material cheaper, and he also has a more intimate knowledge of the local market.

He cannot complain that Federal “Protection” with internal “Free Trade” will permit his English competitor increasingly to injure him in the English market, or in the markets of any other Federal State, because the English factory already has him beaten in the United Kingdom market, and he is now barred from competing in other Dominion markets, not only by superior distance, but by inter-Dominion Tariffs, which would disappear under Federation.

Let us take the 1912 Imperial Trade Commissioners’ report on South African trade.

Germany, Belgium, France, and the United States sold her 40 per cent of her imports, but on account of their Tariffs she only sold to them 6·58 per cent of her exports.

The British sold her 60 per cent of her purchases, but bought from her 93·42 per cent of her products.

In other words, 78·9 per cent of her whole external business had to be done with the United Kingdom, but she let the hostile countries help themselves to her buying market.

We can see, then, that the Dominion manufacturer will be in just as good a position in the British Isles market, and a better one in the market of the other States, because the present Tariffs against him in the other Dominion markets would not only be removed, but the new Federal Tariffs would then give him great new advantages in the Dominion markets over the German, French, American, and other foreign competitors.

To-day he is paying Dominion Tariffs and competing with producers of all nations, while under Federation he would have a free Dominion market and no competitors except those of his own sister States.

If *they* take the order away from him it will lessen his taxes by increasing the competitors' income-tax and estate duty.

The new States of Australia and New Zealand would have an advantage of distance over the United Kingdom and Canada in the Indian and Chinese markets. The State of Canada would have an advantage over all the other States by her proximity to the valuable United States market.

The State of England would "cash" her superior nearness to the great European markets.

Now let us see if the Dominion manufacturer need fear the dumping competition of his English competitor.

If you place one barrel filled with water alongside

another empty barrel and join the two at the bottom with a hollow pipe, you will soon notice that the water is the same depth in each barrel.

This is exactly what would happen to English and Canadian wages if "Free Trade" between them were established, provided conditions remained the same, and labour intelligence and quality were equal.

The water in one barrel would drop half-way, and in the other it would rise half-way, provided no additional water be added to either barrel. If, however, you add sufficient water to either barrel, you will find the water in the full barrel does not fall, but that in the other barrel continues to rise.

Now at the time Inter-State "Free Trade" is established, which should lower the high and raise the low wages, something else happens which should add water enough to keep the high up, raise the low, and then lift the lot together.

At that same time a market of 400,000,000 people will be taken away from Germany, France, Japan, and the United States, and many other anxious competitors, and distributed amongst the producers of the Federation.

This operation ought so much to increase employment and the demand for labour in the Empire that not only should all wages go up, but emigrants from competing nations would probably be as badly needed in all parts of the Federal Empire as they have always been in the United States, and for the same identical reason.

Every time wages go up, that big 400,000,000 market becomes a better and bigger buyer of home products.

If English and Dominion wages costs were equal,

then the Colonial producer, with his other advantages, need not fear "dumping" in his own market by his English rivals.

The man with a Canadian steel mill, resting on a Canadian coal bed, and within rifle-shot of an inexhaustible iron mine, need not fear the "dumping" of an English steel combination.

No! Under the new Federation the last reason why British capital should stay away from Canada will have been removed, and the capital of all parts of the Federal Union will be called home and frantically and profitably utilised in "Wedding the Factory and the Farm."

We must not assume that a Federal "Protective" Tariff, which will bar foreign imports, will keep foreign industry out of Federal territory. *It will not.* The rich and alert producers of Germany and the United States are not by any means going to sit idly by and see this market of 400,000,000 customers taken away from them.

They will recognise the value of this Federal market, perhaps sooner than will the Federal producers, and they will at once prepare to share in its future profits by installing their factories in Federal territory—most likely in a Dominion.

Thus we will see all the big foreign producers and capitalists literally pouring their capital and labour into Federal territory, and thereby adding to the great development "boom" which must follow the adoption of a sane Federal plan by the British Empire.

When the factory is moved near to the cheaper source of supply, Dominion development must leap forward with astonishing rapidity.

Under Federation, Dominion manufacturers need

not fear the "dumping" competition of their English rivals so much as the legitimate competition of their new and wealthy home competitors.

Why should British shipbuilding be principally done in England and Ireland when the timber and the iron come from Canada?

Canada has every manufacturing advantage except winter climate, and that will probably not be seriously injured by Federation.

The steel manufacturer of the State of Alabama might have opposed the Federation of the United States of America because he feared that under Inter-State "Free Trade" his great Pittsburg rivals might ruin him by "dumping" competition, but instead of injuring Alabama it advanced her development a hundred years.

The great eastern steel kings saw the natural "steel" advantages of the Birmingham district in the State of Alabama, and they poured their millions into its development and went into business there, and Alabama rejoiced to see her resources developed and her wealth unearthed and poured into local circulation.

If the Dominions wait for the Dominion manufacturers to develop their resources they will grow slowly, but if they turn all the brains and money of the Empire and foreign countries into the task, their resources will soon become active.

The voter does not care who opens up the new factories, but he wants them opened, for it means more work, more independence, more wages, and more money in circulation. In my opinion, any Dominion political party who presents this Federation proposal can face the Dominion electors without misgivings as to their decision on this Objection No. 3.

In regard to *Objection No. 4*, there is no doubt that the British Dominions are badly in need of emigrants to develop their country, but they also need capital to employ the emigrant labour when it arrives.

A Federal "Protective" Tariff with Inter-State "Free Trade" would be likely to create such prosperity in the British Isles as to stop the emigration from Great Britain, just as the Federation of the German Empire almost stopped German migration.

In the case of Canada, the British emigrant is not the best she enjoys.

The best emigrant Canada has received has been the United States farmer, who has been driven into Canada by the identical prosperity results of this identical Federal and "Protective" system.

140,143 American emigrants moved to Canada in 1912.

These emigrants had been largely prosperous tenant-farmers in the United States, who had accumulated plenty of horses, cattle, and other live stock, a full complement of modern farm machinery, and a cash bank balance of some £2000, but the American land they had been renting was too high-priced for them to purchase.

Thus equipped they went to Canada, where they could purchase fine land at a price which was about equal to a year's American rent, and they bought it, and moved across the border to their new home, taking their machinery, live stock, and money with them.

There are hundreds of thousands of the American farmers in Canada to-day, until the Western Canadian and the American all use the same "Yankee" accent.

Danish, Swedish, Norwegian, and German emigrants

are also splendid fellows, who make most frugal, sober, industrious, and law-abiding Canadian citizens.

If the Federal system which handicapped the foreign producers in the Federal markets increased Federal industry, it would be likely correspondingly to decrease foreign industry, and if it decreased British emigration, it would therefore have a tendency to increase foreign emigration. Individuals in this age are inclined to desert their flag at any time when they can benefit themselves personally by taking up their abode under another flag, and if there is more employment and better wages within the Federal British Empire than outside it, there will naturally be plenty of emigration movement toward it from all foreign parts

When foreign producers build their branch factories in the new Empire, they will ship their men in just as they ship their money in.

They will not "shut up shop" because of a shortage of men, but they will find the men and ship them in, and if there is a shortage of houses they will build them also.

When foreign emigrants are happy and prosperous in a land, they become safe, loyal citizens, and I do not think that Great Britain could expect much help, for instance, in a future war with the United States from the 3,300,000 British-born people who now live in the United States. They are now good Americans, who wish America well in any difficulty.

No, we may pass Objection No. 4 by concluding that if international capital needs labour in the Dominions it will procure it.

*Objection No. 5* will probably secure more attention by Federation opponents than any of the others in our list.

The voters of these Dominions will be told that if the Federal Government takes the Customs duties for national support, direct taxes must be levied for State support, and that therefore the new arrangement would increase Dominion taxes.

That is exactly what would happen, provided everything remained the same, but if the new Federation is a success, conditions will not remain the same by any means.

In considering this particular question, the Dominion voters must not overlook the fact that they have reached a point where their future expenses must be sufficiently increased to provide for the substantial armanent protection, which looks to-day as though it would amount to a greater sum than their present total Customs collections.

Now the voters of the Dominions may be quite content to go on as they have in the past, in their simple inexpensive manner, retaining their Customs receipts for local support, but they cannot do this in any case, Federation or no Federation.

The present comparative *per capita* annual expense for defence is :—

		£	s.	d.
United Kingdom	.	1	11	7½
Australia	.	1	1	2½
New Zealand	.	11		2½
South Africa	.	6	2½	
Canada	.	6	1½	

They are at this present moment face to face with a demand which cannot be ignored or brushed aside.

The poor old Mother Country, who has always in the past been able to protect the security of the Dominions under the wings of her invincible navy, is

now crowded to the wall, and finds that she is unable to find any further money to keep that navy up to its required comparative strength, and she is left to choose one of two courses.

She must secure financial help from the Dominions, or she must sit passively and see other navies grow to such an extent that her navy is no longer sufficiently strong to protect either herself or her Dominions.

The Dominions must then choose one of three courses which are still open to them.

1. They must join the Mother Country in financing an increased navy sufficiently adequate to protect them.

2. They must break away from the Mother Country, form themselves into a separate nation, and arrange to defend themselves.

3. Or they must allow themselves to be annexed by some other nation who would protect them.

"Breathes there a man with soul so dead  
Who never to himself hath said :  
'This is my own, my native land !'?"

They cannot break away and hope to protect themselves, because none of them could stand the expense of providing the required navy, nor could any one of them man either a navy or an army. They must therefore choose between the other two alternatives. They must either share the Mother Country's naval expense, or they must join some other powerful nation.

In either case the expense must, from that moment, be increased as much as the sum they would lose in revenues by our purposed Federal finance.

If Canada joined the United States, would Canadians be allowed to retain their Customs receipts ?

If Germany captured India, would she leave it a "Free Trade" market?

If Australia or New Zealand joined Japan, would Japan leave them their Customs receipts, or would they be any more prosperous or contented?

No! In any case the Dominions *must now increase their operating expense* by a sum at least equal to their present Customs receipts, which a Federal Government would absorb.

Some Dominion politicians might argue that they are secure without a navy, and that it is foolish for them to increase their expense as they are at peace, and will continue to be secure if they avoid offending any other nation. Let us see if they are secure, and, if not, what are the dangers that hover over them.

Quite recently Japan "spunkily" faced the powerful United States and disputed her right to pass a California law which excluded Japanese from landownership, and the nasty word "war" has been freely used by the Press of both countries.

Now there are plenty of similar anti-Japanese restrictions in Australia and New Zealand, and if these Dominions had not the protection of the respected British Navy, how long would it be until Japan would not only dictate their laws, but find some excuse for a war which would turn those Dominions into Japanese territories with Japanese Customs collectors?

The Dominions may think no other nation wants to annoy them, and they are right, but what do the nations want?

Why is Germany racing madly on in navy construction and increasing her army 50 per cent in 1913?

Does she fear that Great Britain intends to try to capture Berlin? Or that France wants to conquer Vienna? Does she want to capture London? Not she! German war preparation is not intended for defence, but for aggression.

What Germany wants are *Colonies* and *markets*. If she captured overcrowded England, it would not give her any room for the overflow of her own increasing population.

What she wants are Colonies—undeveloped Colonies—British Colonies, and when she starts to get them there is no reason why she should not choose and demand the best Colonies first. What does she want them for?

If Great Britain were to present a free deed of her Dominions to Germany to-morrow, with a proviso that the new owner must allow the present Tariff and commerce system to remain unaltered, Germany would probably decline to accept them.

She wants them for German markets for German products, and she would rather spend a million lives and hundreds of millions sterling in securing them in a manner which would permit her to collect Dominion Tariffs with German officers, and use these duties for German national support.

Canada must either give her Customs duties to the British nation, or she will ultimately find that she must give them to the United States to keep Germany from taking them by force.

Thus Objection No. 5 loses electoral strength.

Now let us see if the Federal system, which takes away the Dominion Customs revenue, will increase the burden of taxation in any case.

At the same moment that these States are deprived

of these revenues by the Federal Government something else happens.

Each State becomes a full partner in the Empire, her solvency and endurance are assured for all time. Inter-State Tariffs are removed, a market of 421,000,000 people is barred to foreign nations, and Dominion property becomes as valuable as United Kingdom property.

Foreign capital and factories are driven into the Empire, Imperial capital floods the Dominions, Dominion industry increases, labour increases, wages go up, and development "booms."

Towns spring up wherever there is raw material, railways are built where required, cheap vacant lots become valuable dwelling-houses, shipping is deflected to Dominion ports, dock property becomes valuable, and Federal wheat prices are made at Liverpool, not Chicago.

In fact, the Dominion population, circulation of money, and value of taxable property and income increases to such an extent that present Dominion voters will soon find that the taxes for State support are handsomely reduced, even though there are no State Customs revenues.

Any way we look at it, Objection No. 5 ceases to be an electoral objection, but becomes a strong argument in favour of Federation.

The Dominions must give up these sums to *some National Government in any case*, and if they are given to a Federal British Empire, absolute and permanent safety is secured, and taxable values increase to an extent which will more than compensate for the loss of the Customs revenue.

Let us take some individual examples and see how

some particular Canadian voters would look at the proposal.

The Canadian farmer is a very important factor in Canadian elections—how would he vote?

There are two farm villages located in America at the point where the Red River of the North crosses the boundary line between the United States and Canada. One is Pembina, U.S.A., and the other is Emmerson, Manitoba, and both are located in the midst of the great wheat belt.

The two villages lie side by side on the same river-bank, are served by the same railways, and are equally distant from the Chicago and Liverpool grain markets. The only thing which divides them is a "Protective" Tariff wall of one shilling per bushel.

The Pembina farmer always gets from 7d. to 10d. per bushel more for his wheat than does the Emmerson farmer—not because the Emmerson farmer cannot ship to Chicago, but it is simply because the Chicago market is better than the Liverpool market.

If the Liverpool market was better than the Chicago market, then the relative advantage of location would be reversed, and the American farmer would suffer the handicap.

The question is, "*Why is the Chicago market better than the Liverpool market, and what would make Liverpool the better market?*"

The Chicago market is superior simply because the Tariff limits Chicago competition to American wheat up to at least a limit of one shilling per bushel advantage, while the Liverpool market is freely open to the world, so that Canadian wheat must compete in Liverpool not only with the wheat crops of the other Dominions, but with the entire surplus crop of

Russia, the United States, and all other foreign farmers.

Now it might be theoretically unreasonable for the *United Kingdom* to put a duty on wheat and punish her bread-eaters, but it would be reasonable for a *Federal Empire* to put a duty on wheat, for then the Federal territories could produce enough wheat for the Federal demand, and the consumer would not be injured any more in the United Kingdom than in any other State. If there was a Federal wheat duty of one shilling per bushel around the whole Federated Empire, what would the effect be upon both the Chicago and Liverpool markets?

The Chicago price must come down, because their surplus wheat (something like 10 per cent) is barred from Federal territory, and the Liverpool price must go up, because Russian, American, and other foreign wheat would be handicapped one shilling on the Liverpool market.

Under a Federal wheat duty of one shilling per bushel the Canadian farmer's crop should bring him at least eightpence per bushel more than it would without such an arrangement.

Now if the average Canadian farmer grows 200 acres of wheat at the 1911 average of 20 bushels per acre, this Federal system would mean to him exactly £150 per year more net profit than he will get without it.

It is useless to conjecture as to how he would vote on the question.

To get some idea as to exactly how the Western Canadian farmers actually do feel on this question of a Federated British Empire, I will quote a portion of a Report (recently published) from the Annual Con-

vention, held in Calgary in January, 1913, of the "*United Farmers of Alberta*," consisting of 14,000 members. The letter, signed by the President and the Hon. Secretary, closed as follows :—

" So far as the farmers of Alberta are concerned, they are loyal to the British Empire, and look forward to the day when they can be linked more closely to the Mother Country, not with a policy of 'Preference' on natural products, which will only work a hardship upon both producers and consumers, but rather with that greater and broader policy of Imperial 'Free Trade.'

" And we are always ready to assist in accomplishing this great object."

How would you like to be the candidate in Alberta who opposed the Federation plan ?

It has been stated that Ireland is the only country which is not governed by the Irish, but personally I cannot see why they want to narrow their territory, because for the last few years it seems to me that the Redmond wing of the Irish group has not only been governing Ireland, but has been running the "whole British show," including the Dominions.

If the present Home Rule remedy is administered to Ireland, it is certain that Ireland will continue to be the troublesome appendix she has always been, and she will again become "the spanner in the gear-box" if you want to federate your parts upon a foundation of equality. She will want to keep her duties and her subsidies.

Ulster now declares that it is no use to give her the Home Rule emetic, for she cannot keep it down.

Under Federation the perplexing and disturbing Irish problem would be solved by granting State

Government to both the Nationalists and—if desired—to Ulster as well.

Ulster, or some other section, might complain that they were too small to afford separate State Government, but how can they say that when in the United States the little State of Rhode Island maintains a State Government, consisting of two Houses of Legislation, with thirty-eight members in one and one hundred members in the other, and she only contains 1050 square miles of land, divided into only five counties, containing a population of only 542,000, while Ulster contains ten counties, eight times the area, three times the population, and many times the wealth of Rhode Island?

British statesmen may fear that the Colonies will refuse to join a Federation, but I am strongly of the opinion that they will welcome such an opportunity, just as all other Colonies have in the past.

I am inclined to believe that the question of Imperial defence is more thoroughly and alarmingly felt and considered in the Dominions than it is in the United Kingdom.

America started with only thirteen States, but since then there have been thirty-six other States which have clamoured for admission to the great Federation, and to-day those thirteen States have become a great nation of forty-nine self-governing States.

Why should not admission to the Federated British Empire be as valuable to British Dominions as admission to the American Union was to the American Colonies, and why should that permission not be as eagerly sought in each case?

The United States has never once even asked a new State to join her Union; on the contrary, there was

a waiting list, and it took much lobbying and long effort for each of them to get in.

British Imperial taxes have increased 50 per cent in the last fifteen years, and 75 per cent in the last twenty-five years, and they are still increasing at an alarming rate, which has driven more than £4,000,000,000 (one-sixth of the entire wealth) of British money into investments in other countries, and it is continuing to drive it out at the rate of over £150,000,000 per year.

Now £72,000,000 (or 40 per cent) of the national expense in 1911-12 was on account of defence. A Federated British Empire could collect in duties alone which she does not now receive from £75,000,000 to £100,000,000 per year, which she could spend on the navy without increasing her present taxation. If Germany saw Great Britain adopting a plan which would provide this additional navy capacity, she would do one of two things at once. She would either swallow her ambition for naval supremacy and stop the mad armament race—much to everyone's relief—or she would at once declare war against Great Britain, and strike before she could complete her Federation and relief plans.

Germany will not strike *now* unless she intends ultimately to strike in any case. If Great Britain waits until Germany does strike, then she will wait until Germany is quite ready. Great Britain's chances of success would be greater if Germany struck before she was ready than it would be at any moment after that time.

Great Britain is at present quite well prepared with her navy and with her French, Russian, and Japanese alliances.

Her navy exceeds the German navy, her allied armies exceed the German army, and her French allies' air navy would compare favourably with that of Germany.

While war between these massive Powers is shudderingly horrible to contemplate, yet, if it has to come, it would be much better from Britain's point of view if it came at once, while she can depend upon her co-operative defence treaties and before her rival is prepared.

The one crying shame is that the British Empire has not completed its Federation and its Imperial Tariff defences long ago, before Germany would have dared to try to forbid it.

If you try it now, you may precipitate war, but it will be a war which was bound to come, and if it came at any future time it would find you in a worse condition, and your enemies in a better condition, than that of to-day, simply because your present respective systems tend to continue to weaken you and strengthen them.

If you are unsuccessful in that war, then you will never complete your Federation, and if you are successful, then I am sure British statesmen will dispense with sleep until they have endeavoured to wipe out the hideous bloodstains which their long neglect has painted all over these two Great Peoples by feverishly completing the Federation of the Great British Empire.

" Land of our Birth, our Faith, our Pride,  
For whose dear sake our fathers died ;  
O Motherland, we pledge to thee  
Head, heart, and hand, through the years to be."

*(Kipling.)*

# INDEX

- |   |   |
|---|---|
| <p>Alberta farmers, 349, 350, 351<br/>     Alliance, 300, 306, 309, 310, 314,<br/>         315<br/>     Armament, 288–300</p> <p>Balance of trade (U.S.A., 1783<br/>         to 1789), 71, 72<br/>         — (U.S.A., 1846 to 1860),<br/>         104<br/>         — between U.S.A. and<br/>             U.K., 1891 to 1911, 233<br/>         — British loss on, since<br/>             1846, 233, 256, 275, 276,<br/>             277<br/>         — (U.S.A. under high and<br/>             low tariffs), 256, 257<br/>     British alliance, 306, 309, 310<br/>         — area, 298, 299, 307, 311<br/>         — agriculture, 262–87<br/>         — banks, 155<br/>         — charity, 151, 236, 278<br/>         — advertisements, 236–8<br/>         — annual cost, 236<br/>         — City of London, 236<br/>         — <i>Morning Post</i> Embank-<br/>             ment Fund, 146<br/>         — conditions, 31, 48–9, 236, 278<br/>         — burden on rates, 236<br/>         — distribution of prosperity,<br/>             149–51, 278<br/>         — emigration, 244<br/>         — to U.S.A., 23–4, 244, 278–9<br/>         — since 1907, 244<br/>         — v. German, 255<br/>         — expenses, 140–1, 232, 275<br/>         — Army and Navy, 289–90,<br/>             353<br/>         — increasing, 353<br/>         — paid to foreign countries,<br/>             141, 232<br/>         — by Federal duties, 322,<br/>             353</p> | <p>British expenses, lost by free<br/>         imports, 275, 353<br/>         — exports, 210–1<br/>         — — compared with value of<br/>             home market of U.S.A., 153<br/>         — — — Protected countries,<br/>             254, 260–1<br/>         — — — imports from Pro-<br/>             tected countries, 210–1<br/>         — — to Canada compared with<br/>             those of U.S.A., 303<br/>         — — India, 137<br/>         — — Japan, 206<br/>         — — total since 1846, 276<br/>         — — in 1911, 293<br/>         — — of cotton products (1912),<br/>             203–4<br/>         — — increase under tariffs, 253–<br/>             4, 260–1<br/>         — — tariffs, 69, 141<br/>         — — farming, 52–3, 262–87<br/>         — — Cobden's fight against, 79–<br/>             82, 85<br/>         — — products, 79, 81, 272<br/>         — — imported free, 266–7,<br/>             269<br/>         — — potatoes, 268–9<br/>         — — values, 268–9<br/>         — — effect of corn-tax re-<br/>             peal, 81<br/>         — — increases under U.S.A.<br/>             Protection, 249, 268<br/>         — — — under tariffs, 269<br/>         — — federation, 216, 301–54<br/>         — — foreign investments, 141, 353<br/>         — — Free Trade, 70<br/>         — — imports, total since 1846,<br/>             276–7<br/>         — — — of small farm products,<br/>             266, 270, 275–6<br/>         — — — cotton products, 203,<br/>             210–1</p> |
|---|---|

- British imports, competitive manufactures, 232-4, 275  
 —— possible revenue from tariff, 233  
 —— compared with those of protected countries, 254  
 — manufacturing, 271, 274, 320  
 — manufacturers in 16th century, 75, 84, 85  
 —— benefits possible from a tariff, 57, 138-9, 140, 153, 252-3  
 —— exports (1912), 153-4  
 —— value of home market, 153-4  
 —— increases compared with those of protected countries, 254, 274, 320  
 — politics, 24-35, 223-5, 301-2  
 — Liberal, 48-56, 124, 223  
 — Unionist, 54-7, 124  
 — population (whole Empire), 307, 312  
 — living in U.S.A., 279, 343  
 —— increases compared with other countries, 254, 320  
 — in silk industry, 278  
 — per cent urban, 271  
 — effect of increase on home-market value, 153-4  
 ——— tariff on manufacturing centres, 253  
 — Protection (16th century), 67-73, 88, 91-2, 200-1  
 — from industrial invasion, 145-6  
 — resources, 62, 217, 328  
 — tariffs, 64-87, 131-2  
 — taxes, 15-16  
 —— on food, 264  
 —— armament, 290, 293, 295  
 —— (death duties), 275  
 —— increased cost of production, 231  
 —— on foreign investments, 141  
 —— per capita, 141  
 —— paid by foreigners, 140, 231-2, 322  
 —— to foreign countries, 141  
 —— reduced by a tariff, 322
- British unemployment, 146, 151  
 — vegetable imports, 266, 277  
 — wages (average), 49, 146, 236, 272, 278  
 —— compared with U.S.A., 178, 239, 240-1  
 —— effect on home market, 215, 271-2, 278  
 —— of a tariff, 232, 239, 240-1, 259, 278  
 —— Lancashire cotton operatives, 252, 271  
 —— and physical health, 141, 160  
 — wealth, 79, 255, 320
- Canada (U.S.A. Reciprocity). 347  
 — Customs duties, 340-1  
 Canadian advantages, 340-1  
 — market dominated by U.S.A., 302-3  
 — wheat market, 349-50  
 — emigration, 283, 342  
 Cleveland, President, 109, 111-2  
 Cobden, Richard, 36-7, 42, 53, 65-85, 92, 324-6  
 Cobden Club, 42-3, 168  
 Colonies, 87, 143-4, 347  
 Consumers, 148-82  
 Corn tax (Cobden), 36-7, 74, 76, 78-81, 325  
 —— how to revise, 59-60, 262-73, 287  
 —— present handicap to U.S.A. wheat, 273  
 Cost of armaments, 288-300  
 — living, 61, 180, 170-182, 240-1  
 — production, 159-62  
 Cotton, 136-7, 198-221, 253  
 — tariffs, 203  
 Coxey's army, 115, 248
- Dumping, 71-3, 94, 229, 340-1  
 Duties paid by British on cotton, 203, 209-11, 216  
 ——— to Colonies, 141, 209, 232  
 ———— protected countries, 141, 210-1, 216, 232

- Duties paid by British on cotton in India, 209  
 — — — Japan, 208—9  
 — — — Germany for navy, 299—300  
 — — — U.S.A. on potatoes, 268
- Egg exports and imports, 253  
 Eggs, 266, 274, 284, 286
- Farming, 262—87  
 Federation, 216, 301—54  
 — plan of, 331—2  
 — drawbacks, 89, 333  
 Food duties, effect of corn tax on workman, 55—6, 131—2  
 — Cobden's trick, 78—9  
 — — on non-produced articles, 131—2  
 — — in U.S.A., 171—2  
 — — readjust to protect, 264  
 — — which would not injure consumers, 265, 269, 287  
 — — prices, 176—80  
 Foreign tariffs paid by British in 1911, 141  
 — — against Great Britain (cotton), 203, 208, 210—1, 232, 268, 299  
 — — Japanese, 208  
 — — U.S.A., 208  
 — — Germany, 210, 299  
 — — India, 215—6  
 — — investments, 141  
 France, 243, 255, 296, 329  
 Free list, 59  
 Free Trade defined, 39, 83, 86—7, 127—9
- German armament, 290—1, 299  
 — banks, 155, 243, 254  
 — emigration, 255  
 — expenses, 289—91, 289  
 — exports, 210, 250, 254, 260—1  
 — federation, 250, 307—8  
 — imports, 210, 250, 254, 329  
 — manufacturing, 250, 254, 347  
 — navy, 289, 293—5, 297, 299  
 — population, 254  
 — — prices, 229, 230
- German taxes, 289—91  
 — — unemployment, 250  
 — — wages, 250  
 — — wealth, 250, 255
- Home Rule, 51—2, 351—2  
 Home market (British present condition), 150—1, 153—4  
 — — how to improve, 151—7, 161—3, 211—2, 214—5, 270, 281, 284  
 — — U.S.A., 152—7, 211, 281, 284  
 — — better than foreign market, 211—2, 214—5, 281
- India, 137, 206—7, 209—10, 215—6  
 Insurance, 293—4
- Japan, 136—7, 206—8, 346
- Land Tax, 51—3  
 Liberal Party, 30—3, 49—50, 54, 124, 223—4  
 — traps, 35—9, 223—4
- Man power, 252, 274  
 Manufacturing, 222, 261  
 Markets defined, 86—7  
 — Colonies, 143—4, 347  
 — cause of wars, 292—3, 347  
 — effect of a tariff, 138, 284  
 — under British federal tariff, 339, 347—8  
 — home, 151—2  
 — Indian, 216  
 Mexico, 291  
 Morocco, 292
- Nails, 166—7, 180  
 Navigation Act, 67, 185  
 Navy, 61—2, 289
- Parliament (16th century), 69—75, 77—8  
 — its faults, 29—31, 222  
 — — measures, 49—51, 223—4  
*Per capita* armament costs, 140—1, 344  
 — — cotton consumption, 211—2, 215

*Per capita* debt, 153, 318  
 —— earning capacity, 119  
 —— food duties, 55–6  
 —— meat consumption, 181  
 —— purchasing capacity, 119, 153–6  
 —— progress (U.S.A.), 153  
 —— savings-bank deposits, 243  
 —— sugar consumption, 135–6, 174  
 —— wheat consumption, 116, 156  
 Potatoes, 266–8  
 Rails, 180, 186, 193  
 Raw materials, 58–9  
 Re-exports, 59  
 Reserve, 276  
 Savings banks, 182, 243  
 Silk, 277–8  
 Smith, Adam, 85, 324–5  
 Soda-ash, 134  
 Sugar (weekly consumption by British workman), 55  
 — world's production, 173–4, 195  
 — demand, 135, 174  
 — McKinley tariff, 135, 173–5, 195, 217  
 — U.S.A. production, 135–6, 173–5, 284  
 — *per capita* consumption, 136, 174  
 Swiss Federation, 307

Table of armament costs, 289  
 — British duties, 131–2  
 — comparative exports, 254, 260–1  
 —— food prices, 177  
 —— wages, 178  
 — cotton crops, 205  
 — duties paid by British, 232  
 — emigration, 255  
 — U.S.A. egg imports, 285  
 — farm imports, 266–7  
 — foreign cotton tariffs, 203  
 — 1911 imports, 234  
 — increases (1890 to 1907), 254  
 — meat consumption, 181

Table of rents, 240  
 — U.S.A. imports (1912 to 1913), 192  
 —— products, 282  
 —— prices (1860 to 1906, 179–80)  
 —— progress, 153, 319  
 Tariff abuses, 326–9  
 — definition of, 58–9, 130–6  
 Tin-plate, 133, 167–8, 187–8  
 Trade balances (U.S.A., 1784 to 1785), 71, 276  
 — British *v.* U.S.A., 233  
 —— loss since 1846, 233, 256, 276  
 —— in 1911, 275  
 — (U.S.A.), 233, 256–7  
 Trusts, 183–97  
 — (ancient), 184–8  
 — defined, 184, 196  
 — destroyed by tariffs, 173–5, 187–8, 194–6  
 — (Free Trade), 184–8  
 — British, 184–9  
 — how to regulate, 46–7, 61, 196  
 — popular things to attack, 123, 196  
 — Harvester, 190  
 — meat, 172, 191–2  
 — oil, 189, 190  
 — rail, 186–7, 193  
 — sugar, 173–5, 195  
 — steel (U.S.A.), 193–4, 197  
 — tin-plate, 187–8

Unionist Party, 25–9, 32–5, 54–7, 63, 124  
 U.S.A., balance of trade, 71, 104, 256–7  
 — banks compared with those of U.K., 155  
 — tighten credits under low tariffs, 115  
 — New York State turnover, 108, 155  
 — savings fall under low tariffs, 116, 182, 249  
 — increase under high tariffs, 118, 155, 182, 184  
 — effect of lowering tariffs, 115, 125

- U.S.A., progress under Protection, 153  
 — savings compared with U.K., 243, 254  
 — Civil War (cause), 45, 100, 105-7  
 — — cost, 106-7, 289-90, 320  
 — commerce, 246-7  
 — Constitution (Confederate), 45, 105-6  
 — (Federal) Finance of, 44, 89-91  
 — — first plan, 88-9, 309  
 — — — defects, 89, 314  
 — — second plan, 315  
 — — export duties forbidden, 213  
 — debt, 104, 107, 119, 249-50, 318  
 — Embargo Act, 93-5  
 — emigration, 243-4  
 — — British born, 23-4, 244  
 — — total, 118, 243, 319  
 — — to Canada, 342  
 — exports (increase since 1880), 153  
 — — increase under Protection, 153, 253-4, 260-1  
 — — decreases under low tariffs, 253  
 — — increases compared, 254, 260-1  
 — — of food products, 249, 285  
 — farmers (prosperity under Protection), 108, 118, 249, 252, 271-4, 279-83  
 — farming depressed under low tariffs, 116, 122-3, 279-82  
 — — decrease of food demand under low tariffs, 116, 249, 281  
 — — (wool), 123, 281  
 — — (timber), 123  
 — — profits from manufacturing tariffs, 252, 271-4  
 — — superior profits from small products, 271-2, 274  
 — — value of population centres, 271-2  
 — — wheat sold in U.K., 272-3  
 — Federation, 88-91, 310, 313-6, 352  
 U.S.A. Federation, flaws, 89, 314  
 — home market improves under high tariffs, 47-8, 97-8, 119, 152-7, 161, 284  
 — — — destroyed under low tariffs, 97-8, 156-7, 284  
 — — — consuming capacity, 97-8, 108, 119, 153-7, 161, 284-5  
 — — — compared with world's trade, 108, 119, 154  
 — — — — others, 119, 153-4  
 — — — better than export markets, 98, 152-4, 157, 161, 284-5  
 — — — divided and analysed, 97-8, 154, 284-5  
 — imports (November, 1913), 126, 192  
 — — decreased under low tariffs, 156-7  
 — — increase under high tariffs, 157, 191-2  
 — — 1886 to 1906 compared with others, 254  
 — — eggs, 285  
 — — revenue in 1912, 322  
 — Manufacturing: first Protection, 72-5, 88-94  
 — — progress, 73-5, 92-5, 98, 101, 107-8, 118, 153-4, 204, 246-54, 284  
 — — effect of low tariffs, 96-8, 100-1, 103-4, 113-6, 123, 246-9, 284  
 — — benefits of high tariffs, 98, 101, 107-8, 118, 154, 246-7, 249-54, 257-8  
 — — in 1912, 153, 251  
 — — cotton, 204-5  
 — — employs, per cent of labour, 252  
 — — value of products compared, 253  
 — — increases compared, 254, 320  
 — panics, list caused by lowering tariffs, 246-9, 279-80  
 — — of 1893, 39, 113-7, 123, 182, 248-9, 280-4  
 — — — 1914, 40-1, 46-7, 125-6

- U.S.A., panic of 1837, 63, 100-1,  
247, 280  
— — — 1857, 63, 102-4, 106-7,  
247, 280  
— — — 1818, 96-7, 246, 279  
— — — 1857 delayed by, 102-3  
— politics, 37-42, 109  
— traps, 38-48, 94-5, 101-2,  
117, 119  
— Democratic, 37-42, 44-5,  
47, 94-5, 100-2, 104-5, 109-  
11, 114-5, 119, 122-6  
— Republican, 37, 45, 100-1,  
107-8, 116, 118-9  
— Progressive, 120-2  
— population in 1812, 95  
— growth from 1860 to 1910,  
108, 320  
— total emigrant, 118  
— growth from 1880 to 1900  
to 1910, 153  
— per cent increase 1900 to  
1910, 253, 271  
— — — urban, 253, 271  
— — (1890 to 1907) compared  
with U.K. and Germany, 254  
— — (1880) in counties, 271  
— British born, 279  
— — (1860 to 1880) compared  
with U.K., 320  
— Presidential messages, 92-3,  
279, 316-7  
— prosperity (1789 to 1816),  
92-5, 316  
— — (1865 to 1892), 107-11  
— — (1897 to 1912), 117-9,  
153-7, 243, 260-1, 282-5, 317-  
20  
— — (cotton), 205  
— — summary table, 319  
— revenue, 93, 250, 318  
— resources, 62, 245, 251  
— sheep, 123, 281  
— tariffs averages, 63
- U.S.A. tariffs, lowest, 63, 76  
— — highest, 63  
— — changes, 246-50  
— — (of 1789), 44, 72, 74-5,  
90-3, 246  
— — (of 1808)), 93-5  
— — (of 1812), 94  
— — (of 1816), 97, 246  
— — (of 1824), 97, 99, 246  
— — (of 1832), 63, 99-100, 247  
— — (of 1842), 101, 247  
— — (of 1846), 63, 101-4, 247  
— — (of 1861), 45-6, 104-8, 134,  
247-8  
— — (of 1890), 133-6  
— — (of 1894), 63, 110-6, 248-  
51  
— — (of 1897), 63, 71, 73, 117-9,  
123, 208, 251  
— — (of 1913), 44-7, 119-26  
— — free imports, 63, 133  
— — cotton, 208  
— — taxes, 92-3, 318, 322  
— — unemployment under low  
tariffs, 104, 115-6, 125, 257  
— — — high tariffs, 118, 257-8  
— — wages under high tariffs, 108,  
118, 153, 160, 178, 249-50,  
253, 257-8, 284  
— — — low tariffs, 116, 249  
— — — compared with U.K., 178,  
240-1  
— — wealth, 133, 246-9, 284, 317,  
320  
— — wool, 123, 280-1
- Wages, 240  
Watch-springs, 253, 277  
Wealth distribution, 79, 149,  
150  
— production, 149, 150  
Wilson, President, 40-2, 46-7,  
113-4, 122, 125, 164  
Wool, 123, 280-1

*BOOKS BY NORMA LORIMER*

**A WIFE OUT OF  
EGYPT**

*Crown 8vo, cloth gilt, 6s.*

**Sixth Edition**

"A sound, strong, and really absorbing story."—*Daily Telegraph.*

"The book is extremely interesting, and, apart from its literary qualities and its excellent pictures of the highly coloured life of the nearer East, it gives us a very clear idea of the social conditions of Egypt to-day."

*Standard.*

"A fascinating novel."—*Daily Chronicle.*

**BY THE WATERS  
OF SICILY**

**NEW AND CHEAPER  
EDITION**

*Large crown 8vo, cloth  
gilt, fully illustrated, 6s.*

"One of the most original books of travel ever published"

*Lady's Pictorial.*

"By the Waters of Sicily" is a companion volume to "By the Waters of Germany."

**THE SECOND  
WOMAN**

*Crown 8vo, cloth gilt,  
2s. net*

**Third Edition**

"Sympathetic and really well written. The pictures of Italy and Italian life are delightful and make a charming background for a really good tale."

*Literary World.*

**LONDON: STANLEY PAUL & CO., 31 Essex Street, Strand, W.C.**

*OTHER WORKS BY THE SAME AUTHOR*

**A SWEET DISORDER.**

**JOSIAH'S WIFE.**

**MIRR-Y-ANN.**

**CATHERINE STERLING.**

**ON ETNA.**

**MORE QUEER THINGS ABOUT JAPAN** (with Douglas Sladen).

**QUEER THINGS ABOUT SICILY** (with Douglas Sladen).

**THE PAGAN WOMAN.**

**BY THE WATERS OF CARTHAGE.**

**BY THE WATERS OF EGYPT.**

**BY THE WATERS OF ITALY.**

*By A. M. BROADLEY*

## THE ROYAL MIRACLE

A Collection of Rare Broadsides, Letters, Ballads, and Prints, concerning the wanderings of Charles II after the Battle of Worcester (September 3—October 15, 1651), with a Preface, Historical Introduction, Appendix, and Bibliography by A. M. BROADLEY. Crown 4to, cloth gilt, fully illustrated with portraits, maps, etc., from rare originals. 16s. net.

*Guardian*.—"A storehouse of curious matter. A thorough and valuable piece of historical work which says almost the last word upon a subject of fascinating interest."

## THE ROMANCE OF AN ELDERLY POET

A hitherto unknown chapter in the life of George Crabbe, revealed by his ten years' correspondence with Elizabeth Charter, 1815–1825. By A. M. Broadley and Walter Jerrold. Demy 8vo, cloth gilt, with a photogravure frontispiece and 16 other illustrations in half-tone. 10s. 6d. net.

CLAUDIUS CLEAR in the *British Weekly* says :—"A most interesting and valuable book. It has a quality of innocence, goodness, and simplicity that is not often to be found. As a contribution to literary history it deserves high rank. The editors have done their work to admiration."

---

LONDON: STANLEY PAUL & CO.,  
31 ESSEX STREET, STRAND, W.C.

# INTIMATE MEMOIRS OF NAPOLEON III

PERSONAL REMINISCENCES OF THE MAN AND  
THE EMPEROR BY THE LATE BARON D'AMBES:  
TRANSLATED BY A. R. ALLINSON.

In Two volumes. Demy 8vo, cloth gilt, fully  
illustrated. 24s. net the set.

This book is the private diary of a life-long and intimate friend of Louis Napoleon, whose identity is here thinly veiled under a pseudonym. Deeply affected from the beginning by the personality of Louis Napoleon, the Baron gradually became impressed with the idea that his friend was a son of Napoleon I, and in his diary he alleges some startling evidence in favour of his theory. From his earliest association with Louis he began jotting down incidents, conversations, and reflections as they occurred, and to these he added evidence from every source, letters, documents, newspaper cuttings, which, after the death of Louis Napoleon and within a few years of his own, he prepared for publication. The book therefore supplies a large quantity of first-hand material, for the first time in English, for a survey and study of the life and character of one of the most enigmatic figures in modern history.

---

LONDON: STANLEY PAUL & CO.,  
31 ESSEX STREET, STRAND, W.C.

# THE LOTUS LIBRARY

Foolscap 8vo, top edge gilt, with bookmark;  
cloth gilt, 1/6 net; leather, 2/- net

With Introductions by ARTHUR SYMONS, S. J. ADAIR FITZGERALD,  
HENRY BLANCHAMP, and others.

The Translators include G. F. MONKSHOOD, ERNEST TRISTAN,  
HENRY BLANCHAMP, FRED ROTHWELL, S. J. ADAIR FITZGERALD,  
SIR GILBERT CAMPBELL, JUSTIN HANNAFORD, etc.

HONORÉ DE BALZAC <i>The Tragedy of a Genius</i>	ALEXANDRE DUMAS <i>The Black Tulip</i>
WILLIAM BECKFORD <i>Vathek</i>	GUSTAVE FLAUBERT <i>Salammbô</i>
FORTUNÉ DU BOISGOBEY <i>The Matapan Jewels</i>	MADAME BOVARY <i>The Temptation of St. Anthony</i>
PAUL BOURGET <i>The Blue Duchess</i>	ANATOLE FRANCE <i>Thaïs</i>
André Cornélis <i>A Woman's Heart</i>	FRANZ FUNCK-BRENTANO <i>The Diamond Necklace</i>
Our Lady of Lies	<i>Cagliostro &amp; Co.</i>
"UNE CIRCASSIENNE"	EMILE GABORIAU <i>The Blackmailers</i> (Le Dossier No. 113)
The Woman of the Hill	PAUL GAULOT <i>The Red Shirts</i>
ALPHONSE DAUDET <i>Sapho</i>	THEOPHILE GAUTIER <i>Mdlle de Maupin</i>
The Popinjay	<i>The Mummy's Romance</i>
Sidonie's Revenge	<i>Captain Fracasse</i>
The Nabob	
A Passion of the South	

**GREENING & CO., Essex Street, Strand, London, W.C.**

## THE LOTUS LIBRARY—*continued*

EDMOND DE GONCOURT

La Faustin

VICTOR HUGO

The Outlaw of Iceland  
("Hans d'Islande")

PAUL DE KOCK

A Good-Natured Fellow

JOSEPH KRASZEWSKI

Count Brühl

JULES LEMAÎTRE

Their Majesties the  
Kings

E. LEPELLETIER

Madame Sans Gêne

PIERRE LOTI

The Romance of a Spahi

PIERRE LOUYS

Woman and Puppet

PAUL AND VICTOR  
MARGUERITE

The Disaster

GUY DE MAUPASSANT  
A Woman's Soul

HENRY MURGER

The Latin Quarter

ALFRED DE MUSSET

A Modern Man's  
Confession

PAUL DE MUSSET

He and She

GEORGES OHNET

The Rival Actresses

The Poison Dealer

In Deep Abyss

The Woman of Mystery

GUY THORNE

When It Was Dark

LEO TOLSTOY

The Kreutzer Sonata  
Sebastopol

EMILE ZOLA

Drink

ANONYMOUS

The Adventures of  
Baron Munchausen  
Romance of a Harem

# A WOMAN'S WINTER IN AFRICA

By CHARLOTTE CAMERON

Author of "A Woman's Winter in South America," etc.

*Demy 8vo, with 150 illustrations, 10/6 net.*

In the middle of the summer of the present year, Mrs. Charlotte Cameron, the most intrepid woman traveller since the days of Mary Kingsley, returned to England after a winter journey round Africa, from Mombasa on the extreme East Coast to Sierra Leone on the West. In six months she established the noble record of a 26,000 mile journey, which, besides her coast journey, included a one thousand mile flying trip across Rhodesia to the Victoria Falls. By her vivid pen pictures she shows fifty-five towns in Africa, including Mombasa, Zanzibar and Mozambique—renowned for ancient slave trading—Lorenço Marques, Durban, Walfish Bay, and Conakry. Her description of Robben Island, the leper settlement, is of peculiar interest, while the reader marvels at the daring with which she met cannibals in the Cameroons, and dared the sleeping sickness in the fever-haunted West Coast.

The photographs illustrating the book are of remarkable interest. The majority are taken with the author's own camera, and therefore fitly picture her descriptions.

LONDON: STANLEY PAUL & CO.

31 ESSEX STREET, STRAND, W.C.

# THE LIFE OF CESARE BORGIA

By

RAFAEL SABATINI

Author of "The Strolling Saint," "The Lion's Skin,"  
"The Justice of the Duke," etc. etc.

*In demy 8vo, handsome cloth gilt, with coloured frontispiece and numerous other illustrations, printed on art paper, 16s. net.*

*Daily Telegraph.*—"Mr. Sabatini has a lively and vigorous style which imparts a freshness to his narrative, and the story of Cesare Borgia's short but varied and remarkable career as here fully and carefully set forward proves as entertaining as it is informing; at the close, when the man who had duked it so magnificently was landless and titleless, and on his mad ride to death, the author uses the pen of the romancer to record the facts of history."

*Newcastle Chronicle.*—"Mr. Rafael Sabatini, who has an established reputation as a writer of historical novels, gives us in 'The Life of Cesare Borgia' a book that will provide the student with some valuable sidelights on a period that is worth studying, and will earn the approval of the general reader. . . . Mr. Sabatini may thus be said to have renovated rather than whitewashed the family reputation, and in the process he has made one of the most engrossing memoirs that we have had of recent years."

*The Manchester Courier.*—"The narrative is picturesque and fascinating, and shows Mr. Sabatini's gifts to their best advantage."

*Liverpool Post.*—"Cesare's memory has suffered both on account of what he did and what he did not do. Mr. Sabatini's lively page gives an admirable portrait of the man both in his triumph and in his misfortunes."

# STANLEY PAUL & CO.'S

## Latest Six Shilling Novels

CONCERNING A VOW ..	..	..	..	..	RHODA BROUGHTON
RODING RECTORY ..	..	..	..	..	ARCHIBALD MARSHALL
THE DOUBLE HOUSE ..	..	..	..	..	E. EVERETT-GREEN
SWORD AND CROSS ..	..	..	..	..	SILAS K. HOCKING
THISTLES ..	..	..	..	CORALIE STANTON and HEATH HOSKEN	RENÉ MILAN
THE UNDYING RACE ..	..	..	..	..	RAFAEL SABATINI
THE GATES OF DOOM (3rd edition) ..	..	..	..	..	MAUD STEPNEY RAWSON
THE PRICELESS THING ..	..	..	..	..	BARONESS ALBERT D'ANETHAN
THE TWIN-SOUL OF O'TAKE SAN ..	..	..	..	..	L. T. MEADE
ELIZABETH'S PRISONER ..	..	..	..	..	CHARLES E. PEARCE
THE CRIMSON MASCOT (2nd edition)	..	..	..	..	E. EVERETT-GREEN
BARBED WIRE (4th edition) ..	..	..	..	..	KATE HORN
FRIVOLE (4th edition) ..	..	..	..	..	SIR WILLIAM MAGNAY
THE PRICE OF DELUSION ..	..	..	..	..	WALTER BRÜGGE-VALLON
THAT STRANGE AFFAIR ..	..	..	..	..	CECIL ADAIR
UNDER THE INCENSE TREES ..	..	..	..	..	"RITA"
JILL—ALL-ALONE (4th edition) ..	..	..	..	..	A. HAMILTON GIBBS
THE HOUR OF CONFLICT ..	..	..	..	..	DOROTHEA GERARD
THE WATERS OF LETHE (3rd edition) ..	..	..	..	..	HEADON HILL
THE SPLIT PEAS (2nd edition) ..	..	..	..	..	M. HAMILTON
THE WOMAN WHO LOOKED BACK ..	..	..	..	..	ANNESLEY KENEALY
THE WATER-FLY'S WOOING ..	..	..	..	..	L. T. MEADE
THE ORANGE LILY ..	..	..	..	..	MAY WYNNE
THE SILENT CAPTAIN ..	..	..	..	..	H. NOEL WILLIAMS
TAINTED GOLD ..	..	..	..	..	WARD MUIR
CUPID'S CATERERS ..	..	..	..	..	WILLIAM LE QUREUX
THE FOUR FACES (7th edition) ..	..	..	..	..	JOY SHIRLEY
OPAL OF OCTOBER ..	..	..	..	..	DEREK VANE
LADY VARLEY ..	..	..	..	..	RENÉ BOYLESVE
A GENTLEWOMAN OF FRANCE ..	..	..	..	..	KATE HORN
A FLUTE OF ARCADY ..	..	..	..	..	CECIL ADAIR
GABRIEL'S GARDEN (3rd edition) ..	..	..	..	..	NORMA LORIMER
A WIFE OUT OF EGYPT (6th edition) ..	..	..	..	..	DOLF WYLLARDE
YOUTH WILL BE SERVED (6th edition) ..	..	..	..	..	AUGUSTE MAQUET
MARCELLE THE LOVABLE ..	..	..	..	..	.. A. E. CAREY
TIME'S HOUR GLASS ..	..	..	..	..	SIDNEY WARWICK
CONSCIENCE MONEY ..	..	..	..	..	C. GUISE MITFORD
THE HIDDEN MASK ..	..	..	..	..	C. RANGER-GULL
WHEN SATAN RULED (2nd edition) ..	..	..	..	..	R. A. DILLON
THE PRINCE'S PREDICAMENT ..	..	..	..	..	.. FLOWERDEW
LOVE AND A TITLE (2nd edition) ..	..	..	..	..	ANTHONY HAMILTON
CHILDREN OF THE ZODIAC ..	..	..	..	..	CAPT. FRANK H. SHAW
THE LOVE TIDES ..	..	..	..	..	MAY WYNNE
THE SECRET OF THE ZENANA (2nd edition) ..	..	..	..	..	GEO. R. SIMS
BEHIND THE VEIL. 2s. net (2nd edition) ..	..	..	..	..	THE MERCHANT OF VENICE A Novel founded on Shakespeare's Comedy
MACBETH ..	..	..	..	..	MACBETH A Novel founded on Shakespeare's Tragedy

London: STANLEY PAUL & CO., 31 Essex Street, Strand, W.C.









